



2022

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (ESG)



TABLE OF CONTENTS

	ESG- Discount Bank's Environmental, Social and Governance Strategy	04			
	The Discount values and their integration into the operation of the Bank	06			
	Discount Bank Summarized Sustainability Performance Table	08			
	About the report	10			
	> Greetings from the Chairman and the President & CEO	12			
	> Discount's twelfth Environmental, Social and Governance Report (ESG)	14			
01	> Environmental, Social and Governance Strategy	16			
	> Managing Environmental, Social and Governance issues	16			
	> Dialogue with stakeholders	17			
	> The process of identifying the material topics	18			
	> Reporting to the Global Compact	18			
	> Reporting assurance examination	18			
	Group profile and financial data	22			
	> Discount Bank – General Overview	24			
	> Mercantile Discount Bank – General Overview	33			
	> Israel Credit Cards Ltd. ("ICC") – General Overview	35			
02	> IDB Bank – General Overview	37			
	> Membership of organizations and external Initiatives	38			
	> Ratings in the field of Environment, Social and Governance	39			
	> Commendations and prizes	40			
	> Discount Bank and the United Nations' sustainable development goals	42			
	> Contributing to the economy	48			
	Discount Spirit	50			
03	> Vision, Values and Everything in Between	52			
	> The Code of Ethics	56			
	> Goals	59			
	The Customers	60			
	> Policy	62			
	> Innovation	65			
	> Services and products for the advancement of populations	67			
04	> Promotion of accessibility	78			
	> Financial education	80			
	> Striving for a winning customer experience	85			
	> Fairness in products	92			
	> Customer privacy and information security	97			
	> Goals	105			
	The Employees	106			
05	> Nurturing of human capital policy	108			
	> Employee hiring	109			
	> Labor relations	110			
	> Discount's employees	114			
	The Employees (continued)				
	> Diversity and equal opportunity	120			
05	> Maintaining the rights of employees	128			
	> Investing more in employees	136			
	> Goals	153			
	Suppliers	154			
06	> Promotion of Responsible Procurement	156			
	> Goals	161			
	Discount in the community	162			
	> Investing in the community	164			
	> Investing in strategic projects	166			
07	> Investing in promoting employment diversity and inclusion	172			
	> Investing in additional projects	173			
	> Impact Investment	176			
	> Volunteering in the community	177			
	> Goals	183			
	Green Discount	184			
	> Policy	186			
08	> Management of environmental and climate risks	187			
	> Promoting "green credit" and environmental financing	191			
	> Discount's direct environmental impact	192			
	> Goals	209			
	Corporate Governance	210			
	> The General Meeting of Shareholders	212			
	> The Board of Directors	214			
	> The Bank's Management	225			
	> Special and independent committee – proceedings in Australia	225			
09	> Compensation of Senior Officers	226			
	> Principal Control Functions	228			
	> Prevention of Corruption	231			
	> Compliance with Regulation	236			
	> Discount Bank's commitment to maintaining and respecting human rights	240			
	> Corporate Governance Code for the Discount Group	242			
	> Goals	243			
	Epilogue	244			
	> Thank you's and responses to the report	245			
	> GRI content Index	246			
	> SASB index	252			
	> Principles of the Global Impact initiative	255			
10	> Appendices – Customers	256			
	> Appendices – Employees	258			
	> Appendices – Community	267			
	> Appendices – Green Discount	268			
	> Appendices – Corporate Governance	270			
	> List of tables and charts in the report	271			

ESG - Discount Bank's

Strategy and Goals

Discount Bank's ESG Strategy

Goals of Discount for the year 2030



Name of Index	Goals for 2030	Performance in 2022
Increasing the scope of finance for environmental projects	NIS 12 billion	NIS 6.6 billion
Reducing the carbon footprint in the Bank's operational activity	40% (compared with 2022)	3% (2022 compared to 2021)
Ratio of female employees in the Management echelon shall not be lower than – (the senior Management forum of the Bank*)	50%	55.2%
The ratio of engaging new employees from under-represented population to total number of new employees	25%	12%
Maintaining a ratio for female representation on the Board of Directors of at least	30%	30%

* Managers at the level of department manager and above and other unique positions defined in the Bank's influential forums.

COMMITTED TO THE CUSTOMER PROFESSIONALISM, SERVICE AND INNOVATION

Committed to customers in crisis situation

Operating support teams for customers in financial crisis



Committed to innovation

Investing in innovative projects in the fields of fintech and innovation

Applying groundbreaking banking models

Initiating and establishing non-banking ventures, such as PayBox (digital wallet) and Greenlend (non-bank credit)

Committed to service quality improvement

The Bank led in the **Marketest** Index among private customers satisfied with the ease of navigation on the website and the app



Striving for a winning customer experience

Leading the customer recommendation index (NPS) – 7% in 2022



Intensification of the **dialogue with customers** on the social networks – Facebook, Instagram and Twitter

Customer recruitment/abandonment ratio

1.88 in 2022



Committed to a personally customized service

Development and offer of banking products intended to advance designated populations

Advancement of small and minute businesses

Credit granted in an amount of NIS 39.1 billion



MAKING IT HAPPEN INITIATIVE AND DETERMINATION, ACCEPTING RESPONSIBILITY AND HONORING OBLIGATIONS

A considerable leap in ESG management

Formulating an ESG policy for Discount and setting targets and performance measures for 2030

Causing the strengthening of ethical aspects and corporate governance

The "whistle blower" mechanism for increasing effectiveness of the prevention of corruption

Accepting environmental responsibility



Continued replacement of the vehicle fleet with hybrid motor vehicles



Construction of the Discount Campus according to strict environmental standards. Qualifying the project according to the LEED V4 rating of the U.S. Green Construction Council

NIS 2,126 million

credit for green projects in the renewable energy sector



6.2%

decrease in paper consumption



2.5%

decrease in the carbon footprint



THE DISCOUNT VALUES AND THEIR INTEGRATION INTO THE OPERATION OF THE BANK

DURING 2022, THE BANK CONTINUED TO ACT TOWARDS THE INTEGRATION OF THE VALUES OF THE ORGANIZATION, ON THE BASIS OF THE "DISCOUNT SPIRIT"

LEADING CHANGE IDENTIFYING CHANGE AS AN OPPORTUNITY, DARING, CURIOSITY AND OPENNESS FOR NEW IDEAS

Leading a social change



NIS 23.7 million investment in the community



Social **impact** investments by means of Discount Capital



254 scholarships granted to students on behalf of the Nissim Alagem Foundation



Cooperation with Sprint Association developing and operating programs for the advancement of youth in risk situations in peripheral areas



16,927 volunteering hours (an increase of 51.2%)



52% Female employees in executive positions

Leading to the reduction in gaps in the society

16.4% is the ratio of employees belonging to population underrepresented in the labor market (the Discount Group in Israel)

Strategic investment in projects intended to promote employment diversity and inclusion



SUCCESSING TOGETHER CREATION OF COOPERATION AND KNOWLEDGE SHARING, ESTABLISHING TRUST, CONCERN AND HONOR RELATIONS

Sharing knowledge and promoting financial education



Activity with respect to **financial education for customers of all banks**, with the aim of advancing financial skills in the society

15 prizes in the Computer Excellence IT Awards competition for People and Computers magazine for technological projects in 2022

Nurturing of the human capital



76%

of the Bank's employees participated in professional and behavioral instruction courses



Continuing the improvement of the **internal service** between the different units

DISCOUNT BANK SUMMARIZED SUSTAINABILITY PERFORMANCE TABLE

(Investors performance)

ENVIRONMENTAL

Field	Index	2022	2021	2020
Carbon footprint	Volume of emission (in tons of CO ₂ e)	18,718	19,199	19,822
	Emission per square meter	0.13	0.14	0.14
Resources consumption	Electricity consumption (in Kw/h)	33,940,447	33,291,103	33,773,135
	Fuel consumption (in liters)	337,751	325,228	336,238
	Paper consumption (in tons)	258	275	315
	Water consumption (cubic meters)	25,841	23,150	29,320
Green credit	Credit to solar projects (in NIS millions)	2,126	890	1,020

SOCIAL-ECONOMIC

Field	Index	2022	2021	2020
Customers	Rate of justified complaints against the Bank	42.5%	34.0%	24.5%
	Justified complaints regarding customer privacy and data protection	5	8	18
	Complaints regarding product fairness	-	-	-
Employees ¹	Number of employees	4,941	4,883	4,947
	Ratio of unionized employees	88.1%	86.3%	86.1%
	Ratio of resigned employees	11.0%	13.7%	17.1%
	Ratio of female employees of the Bank	61.0%	60.5%	59.8%
	Ratio of female employees in executive positions	55.2%	52%	53%
	Ratio of employees belonging to the under-represented population in the labor market (Discount Bank)	14.1%	⁴ 14.1%	⁴ 7.3%
	Ratio of employees belonging to the under-represented population in the labor market (Discount Group in Israel)	17.4%	⁴ 17.5%	⁴ 12.8%
Average instruction hours per employee	13.6	29	26.3	

SOCIAL-ECONOMIC (Continued)

Field	Index	2022	2021	2020
Suppliers	Ratio of domestic suppliers	90.9%	89.8%	91.1%
Community	Investment in the community (in NIS millions)	23.7	⁴ 19.7	⁴ 11.3
	Ratio of volunteers at the Bank	52.3	51.4%	45.0%
	Commitment for investment in Impact funds (in millions of US dollars) ³	11.5	10.5	10.5
Economic performance	Economic value to stakeholders (in NIS millions) ⁶	9,640	8,518	7,279

Notes:

- The data does not include employees on unpaid leave and on maternity leave, excluding Discount Leasing.
- The data does not include 83 outsourced employees - for more information, see Chapter 10, Appendix Employees.
- Total commitments through Discount Capital within the framework of funds managing investments having a social impact alongside a financial return.
- The data has been corrected.
- The measurement format has been changed.
- Operating and other expenses plus provision for taxes and dividends.

CORPORATE GOVERNANCE

Field	Index	2022	2021	2020
Board of Directors (Discount Bank)	Independence of the Board of Directors (ratio of external Directors)	70%	70%	70%
	Ratio of female Board members	40%	40%	30%
	Average attendance rate at board meetings	100%	99.0%	99.7%
	Average tenure of Directors	4.45	4.04	3.69

01 ABOUT THE REPORT

Greetings from the Chairman and the President & CEO	12
Discount's twelfth Environmental, Social and Governanc Report (ESG)	14
Environmental, Social and Governance Strategy	16
Managing Environmental, Social and Governance issues	16
Dialogue with stakeholders	17
The process of identifying the material topics	18
Reporting to the Global Compact	18
Reporting assurance examination	18



The reporting by the Bank is an expression of its commitment to matters relating to the environment, society and governance, while aspiring to describe its activities regarding the material topics, in a most transparent manner, to the stakeholders in the Bank

GREETINGS FROM THE CHAIRMAN AND THE PRESIDENT & CEO

We are honored to present the Environmental, Social and Governance (ESG) report of the Discount Group for the year 2022, reflecting the deep commitment of the Bank to these matters and the promise of the Bank of continuing the work for the benefit of its stakeholders transparently, honestly and fairly.

In 2022 we continued to act vigorously in order to realize the strategic plan of the Bank, with the aim of continuing the support for our ambitious vision – being the best financial institute for its customers, creating maximum value for its shareholders over a length of time. Within the framework of the program, we have conducted important moves relating to the three central pillars on which the strategic plan is based: winning in traditional banking,

groundbreaking innovation and leveraging the Group's strength, we have implemented many contents throughout the organization, in all the strategic projects.

At the same time in the reported year, Discount structured a significant and challenging ESG strategy, approved by the Bank's Board of Directors. As part of the implementation thereof, Discount is promoting the connection of environment, social and governance aspects with the core business organizational and social activity of the Group, while focusing on three central fields:

Social mobility and financial inclusion – promotion of enabling banking, which acts toward increasing financial accessibility for disadvantage populations, alongside



support for actions contributing to the reduction of gaps in the social and geographic peripheral areas in Israel through education and knowledge.

Diverse and egalitarian employment – promotion of employment diversity and employing staff at the Bank coming from employment of challenged sectors, alongside the supporting of plans enlarging employment of such sectors in the Israeli economy as a whole. Alongside this the Bank will act towards the creation of an embracing and enabling work environment.

Green future – Promotion of green conduct in the Bank's operating and business activity, with a view of reducing its environmental effects, both by means of green financing and by means of environmental efficiency and the responsible consumption of resources, including the new Discount Campus, planned in accordance with strict environmental standards, to which the Group prepares to relocate.

On our behalf and on behalf of the Boards of Directors and Management of the Discount Group, we stand by and support all volunteers among the Discount Group employees and all those involved in the social activities and projects being led by the Group and act together, being fully committed to the determined implementation of all pillars of the challenging ESG strategy that was structured.

May 31,
2023

**Shaul
Kobrinsky**
Chairman of
the Board of
Directors

**Uri
Levin**
President
& CEO

ABOUT THE REPORT

The Environmental, Social and Governance Report (ESG) is an expression of the Bank's commitment to these issues and of their importance as part of the Discount Group's organizational culture. The Report is intended to serve the Bank's stakeholders and to assist in promoting dialogue and in the strengthening of the relationship and cooperation with them

Discount's twelfth Environmental, Social and Governance Report (ESG)

> The Environmental, Social and Governance Report is not just a reporting framework, but a platform for ongoing dialogue between the corporation and its stakeholders and in the process of writing this Report, the Bank strives to describe with maximum transparency its activities in relation to topics that are material to its stakeholders. We at Discount believe that this Report will serve the variety of categories of our stakeholders (customers, employees, suppliers, shareholders, the community and environment), and will assist in promoting dialogue, intensifying the relationship and heightening cooperation with them.

Against the background of developments regarding the issue of environmental, social and governance reporting, and in view of the importance that the Supervisor of Banks attributes to the activity of banking corporations in this respect, the banking corporations heading the banking groups, in accordance with the Reporting to the Public Directives, are required to publish reports concerning environmental, social and governance aspects once a year. In this respect, in 2005 (for 2003-2004), Discount Bank was the first bank in Israel to publish a CSR Report, and since 2014 the Bank has published a CSR Report annually, as an expression of its commitment to these issues, and it will continue to do so in the future.

This report reviews the activities of the Bank and its material implications for the year 2022, and relates to the activities of the principal companies in the Group – Israel Discount Bank Ltd., Mercantile Discount Bank Ltd. (hereinafter – "MDB"), Israel Credit Cards Ltd. (hereinafter – "ICC") and IDB Bank, the profits of which amounted to 98.2% of the profits of the Group in 2022.

The Report has been prepared in accordance

with the GRI Standards: Comprehensive Option and has successfully undergone the GRI Materiality Disclosure Service.

For the principal subsidiaries¹ in Israel – MDB and ICC – the reporting is at the "Core" reporting level, and as regards many topics, they are very near to the "Comprehensive" reporting level. Moreover and following on from the previous Report, we are continuing the process of including the subsidiary IDB Bank in the Report. This process is being implemented gradually, in light of the differences in the regulatory, corporate and economic environment in which the companies in Israel operate, compared to the environment in which the New York subsidiary operates, and requires the exercise of considerable care in the inclusion of information about IDB Bank. Progress was made also in the year 2022 in reducing the subsidiaries' reporting gaps.

Starting with the report for the year 2022, the Bank reports also according to the reporting standards of the Sustainability Accounting Standard Board (SASB) – Commercial Banks. The Index is presented in Chapter 10, hereunder, with respect to the Bank and its principal subsidiaries.

The Report addresses, in the relevant contexts, the activities of the different divisions of the Bank, including the senior levels of management. The data presented in the Report were processed according to the reporting of the Discount Group's various units, while constructing a data base for monitoring and measurement, that would allow comparison with the data of prior years. The calculation methods that are used have been noted in the places where the relevant data are presented. The Report does not contain any data that

are in contradiction with the data presented in previous CSR Reports published by the Bank. In cases where previously published data had been changed or corrected, this fact is expressly stated.

The Environmental, Social and Governance Report complements the corporation's financial statements. Whereas one presents the corporation's financial performance, the second presents the manner in which things are done, the degree of importance that the corporation attributes to the aspirations of its stakeholders, and its efforts to make progress in areas requiring improvement.

Compilation of the data and its validation were performed with the assistance of many functions at the Bank and at the principal subsidiaries. The final draft of the Report was examined and approved by members of the Bank's Management. The Bank's Board of Directors had approved the Report prior to its publication.

Publication of the Report

The Environmental, Social and Governance Report in Hebrew may be viewed on the Bank's website² and in English on the Bank's Investor Relations page,³ on the GRI's Sustainability Disclosure Database⁴ and on the GC website.⁵ In addition, Bank employees may view the Report also on the employees' portal.

In certain cases, the Report includes reference to details presented in the Bank's 2022 Annual Report and the Report for the First Quarter of 2023. These are available for perusal at the Bank's website – see above) (a translation into English of these reports is to be found on the Investor Relations page, see above). The reports are available for perusal (in Hebrew)

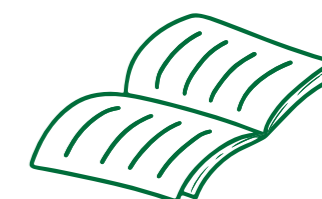
¹ In order to reflect to the stakeholders, the reporting position in these companies in a transparent and orderly manner, the Index contained in the Appendix to the Report assigned separate columns to MDB, ICC and IDB Bank. It should be noted that, in the sections that describe policy or work processes at Discount Bank, the description refers also to MDB and ICC, unless expressly stated otherwise. On the other hand, in view of the different environment in which IDB Bank operates, where the description refers to this subsidiary, this fact is expressly stated.

² www.discountbank.co.il

³ www.discountbank.co.il/IR

⁴ <http://database.globalreporting.org>

⁵ <http://www.unglobalcompact.org/participant/12568-Israel-Discount-Bank-Ltd>



also on the "Magna"⁶ website of the Israel Securities Authority and on the "Maya"⁷ website of the Tel-Aviv Stock Exchange Ltd.

In certain cases, the Report refers to the reports of MDB and of ICC. These reports in Hebrew are available on the website of MDB⁸ and on the website of ICC⁹ (in English – only ICC's annual reports).

Environmental, Social and Governance Strategy

➤ Discount Bank, which raised the banner of becoming the best financial institution for its customers, takes another step in the implementation of its vision and publishes a significant and challenging ESG strategy, as approved by the Board of Directors on February 28, 2023. As part of the implementation of the strategy that had been formed, Discount Bank will promote a connection between environmental, social and governance aspects and the core business, organizational and social activities of the Group, while focusing on three central fields:

➤ **Social mobility and financial inclusion** – promotion of enabling banking, which acts toward increasing financial accessibility for disadvantage populations, alongside support for actions contributing to the reduction of gaps in the social and geographic peripheral areas in Israel through education and knowledge.

➤ **Diverse and egalitarian employment** – promotion of employment diversity and employing staff at the Bank coming from employment of challenged sectors, alongside the supporting of plans enlarging employment of such sectors in the Israeli economy as a whole. Alongside this the Bank will act towards the creation of an embracing and enabling work environment.

➤ **Green future** – Promotion of green conduct in the Bank's operating and business activity, with a view of reducing its environmental effects.

In May 2023, the Bank's Board of Directors approved goals and performance indices for the year 2030.



Managing Environmental, Social and Governance issues at Discount

➤ In September 2022, Management of the Bank appointed an ESG Manager. This appointment is intended to strengthen the management of the Environmental, Social and Governance fields at the Bank. The duties of the Manager are to integrate the moves made by the Bank in the said fields and promote them in accordance with global developments, regulatory requirements and the policy of the Bank. The ESG Unit was transferred in 2022 to the Strategy, Finance and Holdings Division.

Furthermore, an ESG Forum has been established, in which representatives of all Divisions of the Bank participate, led by the Head of the Strategy, Finance and Holdings

6 <https://www.magna.isa.gov.il/default.aspx>
 7 http://maya.tase.co.il/bursa/report.asp?report_cd=885621
 8 <http://www.mercantile.co.il/MDB/private>
 9 <http://www.cal-online.co.il/he-il/Cal/CalServices/about/pages/financialReports>

Division. The Forum is responsible for the implementation of and promotion of the strategy in all divisions of the Bank.

At MDB acts a social responsibility director who reports to the Head of Human Resources and Administration Division. At ICC acts a corporate responsibility director who reports to the CEO of ICC. At IDB Bank, a Community Reinvestment Act Officer has been appointed for the purpose of handling matters relating to the Community Reinvestment Act (CRA). This officer is responsible for administering IDB Bank's Community Reinvestment Act program and for ensuring that this bank meets the procedural requirements of the CRA.

Dialogue with stakeholders

➤ Corporate social responsibility reporting rests on the approach that, in addition to its shareholders, the corporation must be accountable to the society and the

environment in which it operates, and that it must broaden its dialogue and cooperation with all categories of its stakeholders. A "stakeholder" is anyone that Discount Group influences or is influenced by: customers, employees, shareholders, the community, the environment and suppliers, and even contracted workers (who are referred to in the "Responsible Procurement" Chapter).

Promoting an open discourse with the Bank's stakeholders, including involving them in the process of mapping the material topics, is done with the aim of creating a better understanding of the needs and wishes of all the stakeholders and to adapt the Bank's conduct and its policy in a way that will respond in an optimal manner to these needs. The dialogue platforms are numerous and varied, and include inter alia, "round table" meetings, surveys, conferences and discussions in accordance with the character of each stakeholder. Throughout the report, the various interfaces between the Discount Group and its stakeholders are presented.

Our Stakeholders	Main lines of communication
Customers	<ul style="list-style-type: none"> ➤ Meetings and current discussions ➤ Customer gatherings ➤ Customers surveys ➤ Social networks
Community	<ul style="list-style-type: none"> ➤ Meetings and current discussions with strategic associations ➤ Membership of executive boards of associations ➤ Discussions with social associations regarding voluntary work by Bank employees
Employees	<ul style="list-style-type: none"> ➤ Employee connection survey ➤ Internal communication lines: morning journal, FaceBank portal and more ➤ 'Round table meetings' and attention meetings ➤ Managers' gatherings (400 Forum, the leading Forum and divisional forums) ➤ Ethics line
Investors	<ul style="list-style-type: none"> ➤ Quarterly meetings ➤ Financial reports and immediate reports ➤ Investor relations website
Regulators and Government Agencies	<ul style="list-style-type: none"> ➤ Directly and through the Union of Banks ➤ Meetings and discussions regarding regulatory developments
Suppliers	<ul style="list-style-type: none"> ➤ Current discussions ➤ Designated supplier website

The process of identifying the material topics

➤ Material issues are defined as issues having economic, environmental and social aspects in which the organization has a significant effect upon its stakeholders, or which the organization is being affected by them.

An in-depth materiality analysis is conducted by Discount Bank once in every two years, with the understanding that in the financial sector there are no changes of great importance in concepts with respect to the identity of the material topics in that time span. Examination of topics once in two years allows the Bank to monitor trends and reflect progress in the management of material topics.

The list of material topics presented in this Report is based upon the material topics identified by the in-depth analysis process conducted in 2021, with the assistance of an external consulting company, which advises the Bank in Environmental, Social and Governance matters, within the framework of which the extent of the effect and relevancy of the said topics upon the operation of the Bank and upon its stakeholders was examined. Furthermore, the Bank is also assisted by the list of reporting topics of the GRI Standards and by the list of the Financial Services Sector Supplement topics. The said survey was conducted with a dialogue with the stakeholders, which assisted the Bank in mapping and validating the material topics matrix*. In 2022, as part of preparation for the 2022 reporting year, an examination was made of the list of topics and of the extent of their validity for reporting also in this year.

Validation and examination of the list of topics included an analysis of the positions of the analyzing entities and other banks in Israel and abroad. This, with a view of locating trends and changes in the ESG areas. The

analysis was conducted with the assistance of an external consulting company, inter alia, within the process of forming the strategy. The analysis showed no material changes from the matrix formed for the year 2021. In view of this, the present Report repeats reflecting these topics. The topics will be re-examined within the context of the preparations for the 2023 Report.

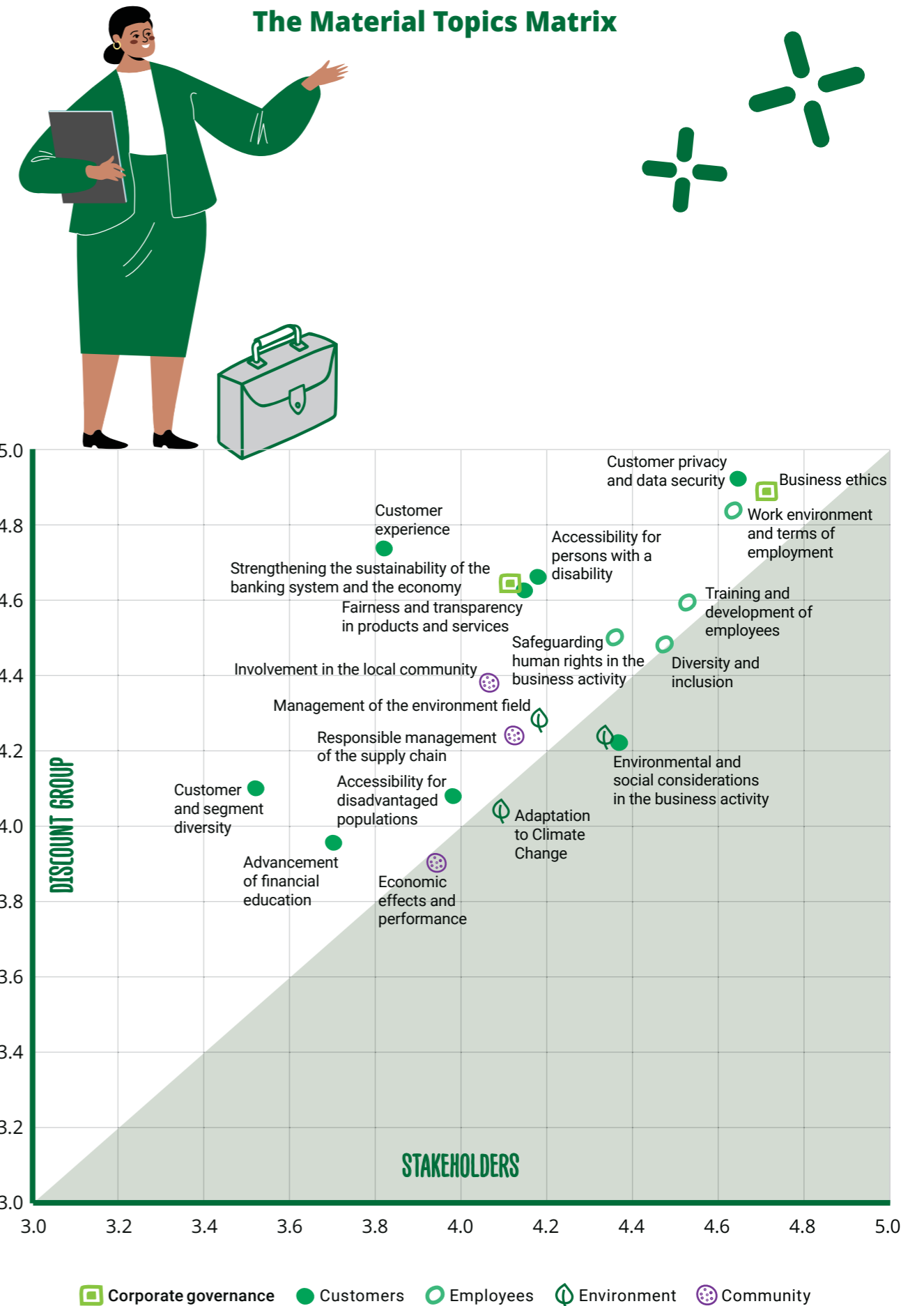
Reporting to the Global Compact

➤ The Bank joined the United Nation Global Compact initiative in September 2010 and since then submits an annual progress report on social and environmental performances. This report, as well as previous reports, constitute an annual progress report in respect of each of the years in the period 2013-2022 respectively. An Appendix to this Report includes an index comprising a cross-reference table between reportable items in accordance with the Global Compact initiative and their reference in this Report.

Reporting assurance examination

➤ The Bank's Environmental, Social and Governance Report has undergone an assurance examination by an outside, objective body, which determined that Discount Bank meets the requirements In Accordance with the GRI Standards: Comprehensive option. The Report presents fairly Discount Bank's activities for the given period. Furthermore, the Report is balanced and properly presents Discount Bank's activities in the various material topics, both for activity in Israel's financial segment and also for the Bank itself.

* For further details regarding the research and its findings, see the Environmental, Social and Governance Report for 2021.



QUALITY ASSURANCE STATEMENT:

DISCOUNT BANK - 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Introduction

Shibolet ESG is a consulting practice operating as part of Shibolet Consulting Services Ltd., which is a subsidiary of the law firm Shibolet & Co. Discount Bank contacted the company requesting that a Quality Assurance process be performed for the environmental, social and governance (ESG) report for 2022. It is hereby declared that, for performing this assignment, the company receives payment for the time invested in the process. Furthermore, it should be noted that the company and its consulting team (Dr. Liad Ortar and Navonel Glick) that carried out the work do not have a business consulting relationship with Discount Bank and the quality assurance process was conducted impartially and independently. As part of the quality assurance process, a draft of the report was examined, comments were made, and this quality assurance statement was drafted.

Work Approach

The objective of the quality assurance process for ESG reports is first and foremost to improve the quality of the reporting product through providing professional feedback. The process was performed according to the guidelines of Standard AA1000AC of the Accountability Organization, at the level of "Moderate". The Standard ensures that the report agrees with three central principles:

1. **Inclusivity** – addresses a wide range of stakeholders.
2. **Materiality** – addresses material topics in the company's operations.
3. **Responsiveness** – reports on topics raised by stakeholders.

Findings

This is the twelfth report presented by Discount Bank. The report adopts the latest reporting standard GRI 2021, Universal Standards, at a level of "In accordance with the GRI standards". We hereby declare that Discount Bank has indeed complied with the scope of disclosure and reporting expected at this level and upholds the three principles noted above.

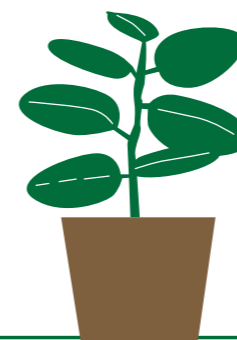
Comments on the Report:

- **Carbon footprint** – the calculation of its operating carbon footprint according to three scopes is already standard for Discount Bank, thereby placing it as one of the leading reporting entities in Israel. It is recommended that this measurement be expanded in the coming years to the 'Financing and Investments' category, which is generally the most significant part of the Scope 3 calculation for the financial segment.
- **Climate risks** – we applaud the expansion of the contents in the environmental risks sphere, particularly with regard to the heightened focus on climate risks, including the development of a system for climate risk management.
- **Data security and cyber** – we have noted that Discount Bank has invested considerable efforts in the areas of data security and cyber, and this year, for the first time, has received certification under the ISO27001 and ISO27032 standards.

- **GRI table** – Discount Bank presents the GRI Index according to the Bank and the principal subsidiaries. We applaud this and recommend that, in the future, the missing information for IDB Bank also be included.
- **SDGs** – Discount Bank is an important player in the Israeli economy and has an impact on its numerous and various stakeholders. In order to emphasize this point in the context of the State of Israel's progress toward the sustainability development goals (SDGs), it is recommended that in the following reports there will be a focused reference to Israel's compliance with the United Nations' 169 Targets included within its 17 SDGs.

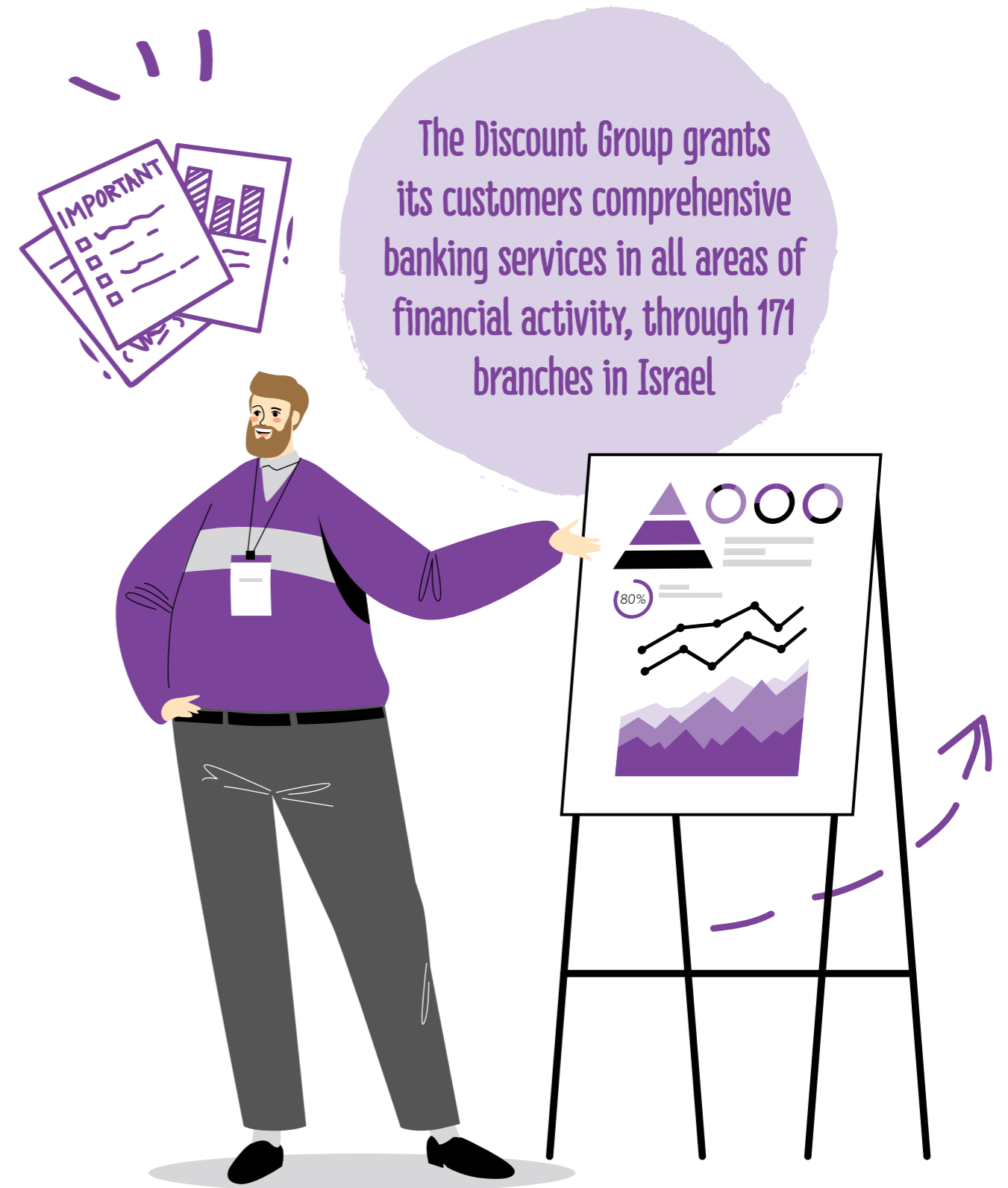
Congratulations on your good work,

Dr. Liad Ortar	Navonel Glick	
Head of	Shibolet ESG	
Shibolet ESG	Consultant	May 31, 2023



02 GROUP PROFILE AND FINANCIAL DATA

Discount Bank - General Overview	24
Mercantile Discount Bank - General Overview	33
Israel Credit Cards Ltd. ("ICC") - General Overview	35
IDB Bank - General Overview	37
Membership of organizations and external Initiatives	38
Ratings in the field of Environment, Social and Governance	39
Commendations and prizes	40
Discount Bank and the United Nations' sustainable development goals	42
Contributing to the economy	48



171
BRANCHES IN ISRAEL

12,944
NIS MILLION
THE TOTAL ECONOMIC VALUE
PRODUCED BY THE GROUP

1,806
NIS MILLION
PROVISION FOR TAXES
IN 2022

GROUP PROFILE AND FINANCIAL DATA

The economic value produced by the Discount Group results from its being a large economic entity, one of the five major banking groups in Israel, which offers its customers comprehensive banking services in all areas of financial activity

Discount Bank

General overview¹⁰

➤ Israel Discount Bank Ltd. (hereinafter: "the Bank") was incorporated in Israel in 1935 as a public company under the Companies Ordinance. The Bank is a banking corporation having a banking license under the provisions of the Banking Law (Licensing), 1981.

The Bank was established by the late Mr. Leon Recanati in the name of "Eretz Yisrael Discount Bank Ltd.", in cooperation with the founders, the late Mr. Joseph Albo and the late Mr. Moise Carasso. The offices of the Bank and its first branch office were at first located at No. 39, Yehuda Halevi Street in Tel Aviv. In 1939 the offices of the Bank were relocated to No. 27, Yehuda Halevi Street and in the fullness of time were transferred to 23 Yehuda Halevi street, the site on which the Discount Tower is situated today, in which most of the Head Office units of the Bank are located. It is planned that, in 2023, the Bank's offices will move to the Discount Campus in Rishon Lezion.

During the years of its operation the Bank has developed a chain of branches and a wide variety of commercial banking activities in all banking spheres.

As from December 3, 2013, the Bank turned into a bank having no core controlling interest and is subject to the instructions applying to banking corporation having no core controlling interest, in accordance with the Banking Law (Legislation amendments), 5772-2012.

Domestic Operations

➤ The Discount Group grants its customers comprehensive banking services in all areas of financial activity, through 171¹¹ branches in Israel, (98 branches of the Bank and 73 branches of Mercantile Discount Bank Ltd.) direct banking and digital banking.

The Bank offers services to different segments of customers: households, small and minute businesses, private banking customers, medium

¹⁰ GRI: 2-1, 2-6.
¹¹ The number of branches as of December 31, 2022.

and large business (for details as to the definition of the segments see p. 253 and pp. 268-269 of the 2022 Annual Report; for details regarding the distribution of operations according to the main segments of operation see pp. 256-268 and 269-271 of the 2022 Annual Report; for details regarding the distribution of operations according to geographical areas see p. 268 of the 2022 Annual Report).

The Bank has a banking subsidiary in Israel - Mercantile Discount Bank Ltd. (hereinafter: "MDB") - a commercial bank serving customers in all fields of financial activity.

The activities in Israel include additional fields of operation, including:

- **Credit cards** – The Bank controls Israel Credit Cards Ltd. (hereinafter: "ICC"; for details regarding the separation of ICC from the Bank, see below) and Diners Club Israel Ltd. (hereinafter: "Diners"), which issue and market "VISA", "Diners" and "MasterCard" credit cards, both for domestic and overseas

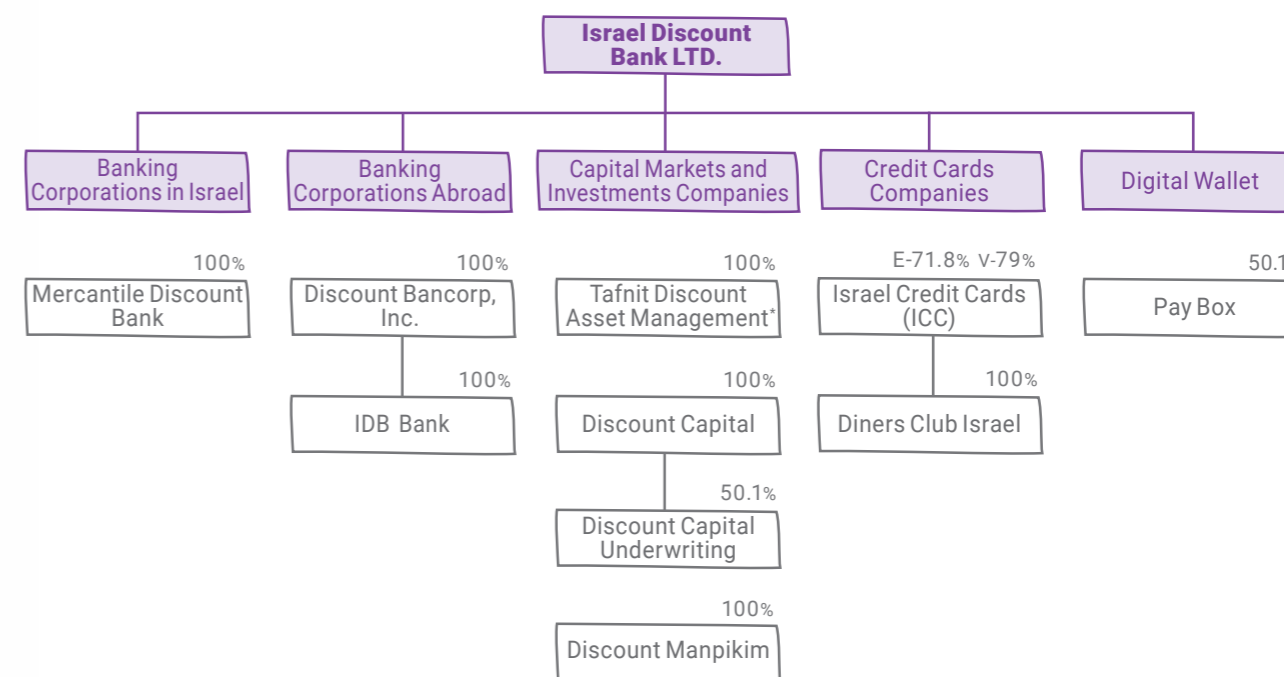
use and clears transactions made by "VISA", "Diners" and "MasterCard" credit cards that are valid in Israel and abroad, as well as the brand "IsraCard" (in Israel only);

- **Non-financial investments and underwriting** – the subsidiary "Discount Capital Ltd." (hereinafter: "Discount Capital") is engaged in investments in companies, in private equity funds, in venture capital funds, in the investment banking field, as well as in initiating and assisting public offerings and private company, through a subsidiary;
- **Securities portfolio management** – the subsidiary, Tafnit Discount Asset Management Ltd. (hereinafter: "Tafnit") which manages securities investment portfolios for private customers, corporations, not-for-profit organizations and institutional bodies.

International activity

➤ The international activity of the Discount Group is conducted by IDB Bank, the subsidiary company in the United States.

Discount Group Holdings Structure¹²



* Directly and Indirectly.

¹² As of December 31, 2022.

IDB Bank is the only bank under Israeli ownership operating in the US. At the present time IDB Bank operates branches in the New York area, Florida and California. This bank has representative offices in Latin America and in Israel.

The international activity is characterized as business-commercial and private banking activity.

Goals and business strategy

The strategic plan, which was formed in the course of 2020, for the years 2021-2025, directs towards the realization of an ambitious vision of being **the best financial institution for its customers, which creates maximum value to its shareholders over time**. The strategic plan is made up of three central pillars – winning in traditional banking, groundbreaking innovation, leveraging the power of the Group.

First pillar – winning in traditional banking

As part of the changes affecting the banking sector, the Discount Group will accelerate the evolution of banking activity with a view of improving competitive ability and increase its market share and profitability in banking activity. The said acceleration is to be achieved by way of focusing on four areas:

Winning customer experience

Goal: to be the bank with the best customer experience in the system

Significant growth and increasing market share in focal segments

Goal: Growth of the credit portfolio and of income at a rate higher than that of the banking system

Banking excellence

Goal: Creating a qualitative organizational platform based on efficiency, operational excellence and a high level of performance

Winning organizational culture

Goal: Integration of a winning organizational culture that promotes the strategy of the Bank by means of guiding leadership and

employee engagement, the highest in the banking system

Second pillar – groundbreaking innovation

Goal: Become a leading financial player in the new banking in Israel through the implementation of pioneering and competition creators banking models for customers of all banks

Third Pillar – maximizing the value of the Group

Goal: The subsidiary companies are leading growth

The strategic plan goals

Subsequent to updating the strategic plan formulated in 2020, which includes a financial plan for the years 2021 through 2025, and in light of the reduction in the level of uncertainty associated with the Corona crisis and the stabilization of the economy during 2021, the Bank's Board of Directors decided on March 8, 2022 to approve the following goals:

- a return on equity goal exceeding 12.5% in 2025;
- an efficiency ratio goal of less than 55% in 2025;
- a net profit goal which will exceed NIS 3.5 billion in 2025;
- a continuation of dividend distributions according to the existing policy, namely, up to a rate of 30%. As progress is made in executing the plan, the possibility of raising the dividend rate will be examined.

Following are actual data regarding components defined as goals of the strategic plan:

- a return on equity goal of 15.1% in 2022;
- an efficiency ratio of 55.8% in 2022;
- a net profit of NIS 3,495 million in 2022.

As seen from the said data, the goals of the strategic plan were mostly achieved already in 2022.

Forward-looking information. The aforesaid reflects the plans of the Bank's Management and its intentions, paying attention to information already in its possession at the time of preparing the reports with regard to

the development of the banking sector, to the macroeconomic forecast, including in relation to an increase in the rates of interest and inflation and to the uncertainty associated with planning for several years ahead. Material changes in the economic and regulatory environment or in the geo-political or defense situations, technological developments, actions of competitors operating in the banking sector and other potential competitors, and changes in consumer patterns and customer expectations, which are not under the Bank's control, might result in changes in the ability to execute the Bank's plans as they exist at the time of publishing the statements.

Environmental, social and governance strategy.

For details, see "Environmental, social and governance strategy at Discount" in Chapter 1 above.

For additional details, see the 2022 Annual Report (p. 16-19).

Dialogue with the investors

The first and principal layer of communication with investors in securities of the Bank is the layer of regulatory reports - reports in accordance with instructions and guidelines of the Supervisor of Banks and in accordance with the provisions of the Securities Act and the Regulations under it. These reports include annual, quarterly and immediate reports.

The Bank maintains an additional layer of communication with investors in securities of the Bank (existing and potential), as well as with other parties (such as: analysts and research agencies) in Israel and abroad, by means of the investor relations unit of the Planning, Strategy and Finance Division. This communication is bi-directional - from the Bank outwards, through conference calls, presentations and other materials assisting in the understanding of the Bank's results and its operations, maintaining meetings and conferences of the Bank's Management with such stakeholders, distribution of updates regarding events and more; and in the other direction - from stakeholders inwards,

THE BANK CONDUCTS TWO-WAY COMMUNICATION WITH INVESTORS IN SECURITIES – FROM THE BANK OUTWARD, AND FROM STAKEHOLDERS INWARD

through the reflecting of opinion and analysis of the relevant stakeholders and providing Management and the Chairman of the Board (and alongside the decision making process on relevant matters, also before the Board of Directors) with feedback on the results of the Bank and its activities, as well as the integration of such contents in the decision making process at the Bank.

The activity of the Bank's investor relations unit is based on the concept that transparency, cooperation and a fruitful dialogue create value for both sides and enable stakeholders to make long-term educated investment decisions. The Bank's Management believes in strengthening and preserving relations with investors in securities of the Bank, and has even defined this field as part of its strategic focusing for the coming years.

Principal operations and central events during 2022

In 2022 the Discount Group continued to work determinedly to implement the strategic plan and to realize the goals that it had set for itself, alongside further responsible and significant growth in all its areas of focus, and on the background of all this have already attained the multiyear strategic goals that it had aimed to achieve by 2025. The Bank's financial base and its capital infrastructure remain stable and are being stringently managed. The ratio of equity capital Tier 1 amounts to 10.25% and the liquidity coverage ratio amounts to 130.5%. This is the infrastructure that allows the Group to continue growing.

The central challenges and issues in 2022 were:

Issuances

Increase in capital. On March 30, 2022, the Bank completed a process of issuing shares to the public, comprising 72,994,300 shares of a par value of NIS 0.1 each, in total consideration for approx. NIS 1,428 million. The raising of capital has been made in order to enable the Bank to continue its growth momentum and realize the existing significant potential, while focusing on areas being in the strategic center of the Bank, viz, mortgages and medium businesses, utilizing opportunities arising in the market. The raising of capital has been effected on the background of the sharp increase in yields which occurred in recent months and of the fluctuations in the market, which imbeds a significant rise in probability for the increase and force of interest rates, which temporarily affected the capital reserves and capital ratio.

Issue of debt instruments. On June 2, 2022, the Bank, by means of Manpikim, completed the issue of financial instruments intended to respond to the liquidity requirements and strengthen the infrastructure for the accelerated growth strategy for the credit portfolio of the Bank. In this framework, bonds (Series "N") were issued in a total amount of approx. NIS 1 billion, and at an effective margin of 1.05% and commercial securities (Series 2) in a total amount of approx. NIS 700 million and at a margin of 0.34% over the Bank of Israel interest rate.

Issue of subordinate debt notes having a loss absorption mechanism (Coco). On November 27, 2022, the Bank, through Manpikim, completed an issue of subordinate debt notes having a loss absorption mechanism (Series "I"), in a total amount of approx. NIS 463 million, at an effective margin of 2.62%.

Issue of debt instruments within the framework of an international private placement

On January 26, 2023, the Bank completed an international private placement of US dollar bonds, being the first in its history, in a principal amount of US\$800 million

("the bonds"), which were issued to institutional investors, within the meaning of the term in the Articles of the Tel Aviv Stock Exchange Ltd. ("the Stock Exchange" and "the issue", respectively).

The bonds were issued at a price of 99.935% of their par value. The gross proceeds of the issue amounted to approx. US\$799.48 million. The issue price comprises a margin of 190 basis points over that of US government bonds of an identical average period to maturity.

The bonds have been registered for trading on the "TASE-UP" system of the Stock Exchange.

The separation of ICC from Discount Bank

On January 31, 2017, the Increase in Competition and Reduction of Centralization in the Israeli Banking Market Law (Legislation amendments), 5777-2017, was published on the Official Gazette ("the Law").

Within the framework of implementation of the Law, in the first stage, the credit card companies, IsraCard and MAX (formerly LeumiCard) were separated from Hapoalim Bank and Bank Leumi, respectively, due to the fact that they held assets of a value exceeding 20%, and therefore defined as "a bank with Wide-Ranging Activity". Accordingly, at that stage, Discount Bank had no duty to sell ICC.

With respect to ICC, on January 31, 2021, a period of two years started (which ended on January 31, 2023) during which, the Minister of Finance, with consent of the Governor of the Bank of Israel and approval by the Finance Committee of the Knesset, was empowered to instruct the separation of ICC from Discount Bank upon existence of certain terms stated in Section 11B(d) of the Banking Law (Licensing), 5741-1981 ("the Banking Law").

According to the provisions of Section 12(b) (3) of the Law, a committee had even been established, among the duties of which was recommending to the Minister in the matter of applying his authority to enforce the duty to sell ICC, as stated. On December 21, 2022, the committee published its recommendation

to the Minister of Finance, as accepted by the majority of the committee members, which stated the position that the Minister should apply the said authority. The recommendation document contained also the minority opinion of the Supervisor of Banks, who was not a party to the opinion of the other committee members. On January 18, 2023, after obtaining the consent of the Governor of the Bank of Israel, the Minister of Finance applied to the Chairman of the Finance Committee of the Knesset, requesting approval of the Committee to the draft Banking Regulations (Licensing) (A bank with Wide-Ranging Activity), 5783-2023. As part of the application, the Minister referred also to the possibility of acquisition of a charge card company by institutional bodies, and noted that on the background of developments in the market and the provisions of Section 10(A) of the Law, he had instructed the formation of a designated team at the Ministry of Finance to study this issue, which was supposed to present its conclusions until February 23, 2023.

On January 30, 2023, the Finance Committee of the Knesset approved the Banking Regulations (Licensing) (A bank with Wide-Ranging Activity), 5783-2023, ("the Regulations"). According to the Regulations, the Bank was bound to sell the means of control of Israel Credit Card Company Ltd., held by it, within a period of three years from the effective date (date of publication of the Regulations in the Official Gazette), or until the end of four years in certain circumstances, to the extent that a public offer outline would be decided upon. Furthermore, the provisions stated in the Law would apply with respect to the sale.

In addition, inter alia, the following instructions apply:

- During the period from the effective date and until the end of a period of the later of five years or three years from date of separation, the Bank has to conduct the operation of issue of charge cards issued by it, by means of an operating company, and to enable it to be a party to the charge card agreement;
- As from the end of one year from the effective date and until the end of a period

of the later of five years or three years from date of separation, the Bank is not permitted to conduct by means of one operating company, the issue operation of more than 52% of the total new credit cards issued to its customers;

- A fixed mechanism for the distribution of income derived from the issue operation of charge cards and from use of charge cards by customers, between the Bank and the charge card company, so that the said distribution of income would be in accordance with an agreement signed by the parties in 2022;
- Restriction to approaches made to customers regarding renewal of credit cards.

It is noted that the restrictions relating to the duty to enable the credit card company to become a party to the agreement, the forbiddance to conduct through one operating company the issue operation of more than 52% of total new credit cards, and restrictions on approaches to customers regarding the renewal of credit cards, would apply also to some of the other banks.

The Regulations entered into effect on January 31, 2023.

For additional details, see the Immediate Reports dated December 22, 2022, January 3, January 19 and January 31, 2023 (Ref. Nos. 2022-01-154045, 2023-01-001587, 2023-01-009330 and 2023-01-012882, respectively), the details contained therein are presented hereby by way of reference.

For details regarding the said Law, see the 2022 Annual Report (pp. 401-407). For details regarding the contribution of ICC to the profits of the Discount Group see the 2022 Annual Report (p. 58). For details regarding the data for the "ICC" segment, within the framework of Managerial Operating Segments, see the 2022 Annual Report (pp. 269-271).



Developments in the economic environment and their effect on the operations of the Bank and its customers

The Consumer Price Index (CPI) rose in 2022 at a rate of 5.3%, following a long period in which the inflationary environment remained at a low level. According to a review of the Bank of Israel, the inflationary environment around the world continues at a high level, though moderation trend is noticed in some of the countries, particularly in the United States. The Bank of Israel interest rate, which remained unchanged for a long period, increased from a level of 0.1% in April to a level of 3.75% (as from January 2, 2023), similarly to the global trend of rising interest rates.

As detailed in the section "Market risks", the Bank is exposed to market risks, including interest risk. As detailed in this part, the rising interest has a positive effect on the Bank's income, the average interest rate in 2022 rose by approx. 1%, and according to the Bank's assessments, the Bank's financing income increased by approx. NIS 1 billion as a result of the rise in interest.

With respect to the increase in inflation, the Bank is exposed to changes in the CPI in a way that there is an excess of assets over liabilities that are CPI-linked in an amount of approx. NIS 12 billion, at the end of 2022. The rise in the CPI contributed approx. NIS 470 million to the Bank's income in 2022.

The rise in the CPI and in the interest rate may result in an increased burden of loan repayments on borrowers, for households in particular, and in their impaired repayment ability. It is not possible to assess the effect of these factors, and the Bank's Management estimates that these effects are not as yet fully reflected in the allowances for credit losses, and that such effects might be realized in the coming periods.

The principal measures adopted by the Bank in order to face the effects of the main changes in interest and in the CPI are:

- Monitoring interest exposure;

- Entering into interest and CPI hedge transactions;
- Strict underwriting mechanisms for the granting of credit and the monitoring of the credit portfolio quality;
- In the framework of computation of the group allowance, a new macro-economic model has been integrated, intended to provide response to the rise in the macro-economic risks. As a result of the above, a buffer has been created for the said risks and their possible implications upon borrowers. The buffer was, inter alia, computed by use of scenarios of rising interest rates and inflation, and forecasts for the GDP and unemployment for the coming year;
- Allowing customers having certain characteristics, the option to reduce the amount of the monthly mortgage repayments to the level existing in September 2022, prior to the last four raisings of the interest rate; the amount deferred would be repayable as from the end of 24 months, spread over 36 installments, with no interest charge;
- Concurrently, the Bank offers its customers deposits bearing a competitive interest rates. During the third quarter of 2022, the Bank introduced a deposit for a period of one year bearing an attractive interest rate. Until the end of 2022, approx. NIS 10 billion had been deposited in the abovementioned deposit.

For details regarding credit and deposit margins, see the 2022 Annual Report (pp. 430-433).

Greenlend

On March 5, 2023, the Bank and Ezbob Ltd., a company incorporated in England ("Ezbob"), signed a non-binding memorandum of understanding for the formation of an enterprise for extending consumer credit and credit to small and middle market businesses, to customers of all banks, by means of a company that would be controlled by the Bank (an auxiliary corporation) ("the company").

According to the memorandum of understandings, 70% of the ordinary share capital of the company would be owned by the Bank and 30% would be owned by Ezbob. Extension of credit and its management shall be conducted by means of the innovative technological systems of Ezbob, according to a license to be granted by Ezbob to the company. In accordance with the Memorandum of Understandings, the Bank is expected to provide the company with capital in the amount of approx. NIS 163 million. In addition, the Bank is expected to put at the disposal of the company additional capital/shareholder loan facilities, for future drawing in certain circumstances. Furthermore, the Bank is expected to provide the company with credit facilities at market terms.

The Bank and Ezbob are acting to form a binding agreement, which would be conditional upon obtaining the required regulatory approvals, including approval by the Bank of Israel. There is no certainty that the above transaction would be consummated.

Strategic cooperation with Shufersal

On January 19, 2021, the Bank signed a strategic cooperation agreement with Shufersal Ltd. to set up a digital wallet for customers of all the banks, based on the PayBox payments platform that is owned by the Bank. The cooperation takes place using a company controlled by the Bank, with the Bank holding 50.1% of the rights in the company and Shufersal holding 49.9% of the rights.

Within the framework of the cooperation, the PayBox operation will be expanded, and, in the first stage, it will become possible for its customers to use a PayBox wallet as a means of payment, to redeem digital purchase coupons, to receive various benefits, and so forth. The parties have agreed to take additional measures in the future in order to enable customers of all the banks to conduct additional financial and banking activity within the framework of PayBox. This, inter alia, by means of a platform on which financial services and products of various suppliers and fintech companies will be offered to customers of all the banks, with this being subject to the provisions of the law.

In August 2021 PayBox Ltd. made accessible on the PayBox Application the purchase vouchers of Shufersal, and at the end of October 2021, the benefits activity of the Shufersal Customers Club. In March 2022 PayBox expanded its digital wallet services by entering into an engagement with ICC for the issue of digital credit cards to users of the Application. The issue of digital credit cards began during the second quarter of the year. For additional details, see the 2022 Annual Report (pp. 387).

Forward-looking information. The aforesaid reflects the assessment of the Bank's Management and its intentions, taking into consideration the information available to it at the time of preparing the reports with regard to the development of the payments field. Statutory and regulatory changes that are not known at the time of publishing the reports, including changes in existing initiatives and drafts, technological developments and/or actions of competitors and changes in consumption habits and customer expectations, as well as macro developments in Israel and around the world, which are not under the control of the Bank, might cause changes in the assessments or in the ability to execute the Bank's plans, as they are at the time of publishing the reports.

Data regarding operations. As of December 31, 2022, the number of users of the PayBox Application, whose registration as users includes the addition of means of payment, totaled approx. 2 million, growth of approx. 25% as compared to December 31, 2021. The number of active users, who made at least one transaction in the last 90 days, totaled at December 31, 2022 approx. 1,270 thousand users, growth of approx. 24% as compared with December 31, 2021. The turnover of the transfer of funds by means of the Application amounted in 2022 to approx. NIS 5 billion, growth of approx. 56% compared to 2021.

The customers' balance held with PayBox amounted at December 31, 2022, to NIS 496 million, as compared to NIS 353 million at December 31, 2021, an increase of 40.5%.

The "One-Click Mobility" reform

The Reform allowing rapid transition between banks – "One-Click Mobility" – entered into effect on September 22, 2021, which allows customers to transfer online their entire banking operations from bank to bank at no cost and within seven business days.

With the introduction of the Reform the Bank has implemented a line of infrastructure, business and marketing measures in order to adapt to the needs of customers and to the Regulation instructions. Among these measures is the adaptation of value offers to the different populations in which may be found all the information regarding the rapid transition between banks and regarding the different benefits offered.

The customer may begin the mobility request of his account in a friendly, available and convenient manner on the digital (using the website or the Application) and at each of the Bank's branches. Following the mobility request, current account balances (in shekel and in foreign currency), authorizations to charge the account, standing orders, checks, securities deposits and credit card charges are being transferred automatically.

The Bank views the Reform as a significant milestone in the improvement of service, creation of value and fortification of customers of the banking system, and the increase in competition together with a significant opportunity for growth through attraction of new customers, intensifying operations and retention of customers.

The ratio of new customers to deserting customers was approx. 1.88 in 2022 (1.93 in 2021).

Striving for a winning customer experience

In order to realize the vision and become the best bank for its customers, the Bank had introduced a comprehensive strategic effort intended to turn the whole Bank into a customer focused organization. This, in a significant and wide move that would engulf all units of the Bank and lead to a fundamental and deep change of work procedures and of service and behavioral principles.

Within the framework of this mechanism, the Bank implements processes of listening to customers, of in-depth and methodological analysis of customer feedback and the ability to translate the messages into effective



initiatives improving customer experience at all his interface points with the Bank.

As an additional step in striving for a winning customer experience, the Bank has introduced during 2022 a new and quick service of correspondence on the Application, which invites all Bank customers to approach the Bank and receive a reply within one hour at the most.

The index for the measurement of the success of the change is the Net Promoter Score (NPS). This index has been successfully implemented by thousands of leading organizations around the world. It has been proven that this index is directly linked to the growth in income, to attracting new customers and to increasing customer loyalty.

The data is being collected within the framework of surveys performed by the Bank the results of which are being measured against the data of the launching year for the project (2020). The NPS of Discount reached 7% in 2022, as compared to 2% in 2020. This compared to the average of the other large banking groups: -6% in 2022, as compared to -9% in 2020.

2022 Retirement plan

On August 29, 2022, the Bank's Board of Directors approved a retirement plan for permanent employees having the defined characteristics, retiring by early retirement under preferential terms.

The liability existing in the Bank's books covered the cost of the plan in full, and accordingly, no increase in the liability was required in the Bank's books, and there was no effect on the Bank's equity capital and on its capital adequacy.

Until February 28, 2023, some 57 permanent employees had signed an early retirement request from the Bank.

For additional details, see the 2022 Annual Report, pp. 20-25.

Mercantile Discount Bank

General overview

MERCANTILE The financial activity in Israel of the banking institutions that served as the basis for the foundation of MDB began in 1918, with the conquest of Palestine by the British, when the Anglo-Egyptian Bank, operating at the time in Egypt, established three branches in Israel: in Jerusalem, in Jaffa and in Haifa. Later on, in 1921, a fourth branch was opened in Nazareth. In 1925, "Barclays Bank DCO" (a bank owned by the British Bank "Barclays Bank" which provided financial services to the authorities all over the British Empire) acquired the shares of the Anglo-Egyptian Bank, thus turning it into a part of the Barclays Bank Group. In 1971, "Barclays Bank DCO" changed its name into "Barclays Bank International".

Mercantile Discount Bank (MDB) was incorporated in October 1971, by Barclays Bank International of England (hereinafter: "Barclays Bank") and by the Discount Group, under the name of: "Barclays Discount Bank Ltd."

Soon after its incorporation on December 7, 1971, MDB acquired all the assets and liabilities of the Barclays Bank branches in Israel (by that time some 40 Barclays Bank branches had been in operation in the State of Israel).

On February 28, 1993, following the acquisition by Discount Bank of all the interests of Barclays Bank in MDB, the Bank changed its name into "Mercantile Discount". The Bank is defined as a "banking corporation" under the Banking Act (Licensing), 1981, and it holds a banking license under the said Act. MDB is a private company that is wholly owned and controlled by Discount Bank. The larger part of the Head Office of MDB is located in the "Yovel" Tower in Tel Aviv while another part is located at the Azrieli Business Center in the city of Holon. During 2023 the MDB's Head Office is expected to move to the Discount Campus in Rishon Lezion.

MDB is engaged in financial commercial activity and provides services to all operating segments, including: diverse credit activity and foreign trade and currency and foreign currency services. In the mortgage loan field, MDB offers its customers services through mortgage centers operating within the branches. The bank specializes in business, from small and minute businesses to commercial businesses, in all sectors of the economy, and in providing services to the Arab population and to the ultra-orthodox Jewish population. During the years, the bank, in cooperation with relevant governmental agencies, developed expertise in the granting of credit to small and middle market businesses by means of governmental funds supporting businesses. The bank provides to its customers, among other things, divers services regarding their securities operations through a wide layout of consultants located at the bank's consulting centers and markets credit cards offered by ICC and Diners companies. On December 1, 2019, the Bank completed the merger with Municipal Bank, thus expanding its operations and specialty in its business activity with the municipal sector.

Furthermore, MDB has international relations with brokers, enabling customers to transact business also on foreign securities markets. The Bank offers its customers an array of online banking services by means of the telephone, mobile phone and the interactive internet website.

This comprehensive framework of operation enables MDB to offer to its customers the full range of banking and financial solutions and provide them professional service of the highest level, through diverse communication lines for all banking products prevailing in the market, adapted to the specific needs of the customers. The said services are provided through a countrywide network of branches, numbering 73¹³ branches.

13 Number of branches as of December 31, 2022.

The strategic plan of Mercantile Discount Bank

➤ In the fourth quarter of 2021, MDB's Board of Directors approved a multiyear strategic plan for the years 2022-2026.

The strategic plan includes a number of principal directions of action:

- expansion of MDB's retail activity (households, housing loans and small businesses), through growth in specific segments of the population;
- growth in activity regarding commercial customers;
- increasing activity with local authorities, including activity with suppliers of local authorities and employees of local authorities;
- operating efficiency.

Principal activities and events at Mercantile Discount Bank in 2022

➤ 2022 was characterized by further emergence from the global health crisis. MDB successfully overcame the waves of the crisis and worked devotedly to be able to continue providing its customers with a flexible and speedy service over the whole spectrum of various channels.

As part of the ambition of MDB to provide a quality and appropriate response to its customers, the bank is taking steps to increase use of digital channels and additional services, which match the developments in the business operating environment, customers' needs, their expectations and their characteristics.

During 2022 MDB began the meticulous implementation of a new multi-year strategic plan, the basis of which is the continuance of focus on the bank's target segments and the leveraging of its existing capabilities alongside new capabilities and infrastructures. The plan focuses on broad business growth, including

in developing areas within the bank's target segments, and further implementation of cost-saving measures.

During the year, there were significant macroeconomic changes in the global market and the local market, which were manifested in a significant increase in the interest rate in the economy and a steep increase in inflation, among other things due to an increase in the prices of raw materials, goods, transportation and supplies. Both parameters had a material effect on MDB's operations.

MDB closed 2022 with record results, stemming from its core operations and reflecting continued momentum in the bank's endeavors. Net profit amounted to NIS 601 million, while the return on equity was 15.7% and the efficiency ratio – at 49.5% – fell below the 50% level for the first time. These financial results are, inter alia, a consequence of stringently applying focused business operations that is reflected in growth in all the bank's target segments.



Israel Credit Cards Ltd. ("ICC")

General overview

Cal. ICC was incorporated in 1979 as a private company under the Companies Act. ICC was the first company to develop and offer off-banking credit plans to private customers. Over the years, ICC turned into the leading company in the world of payments and off-banking credit, which provides advanced financial solutions to approx. 4 million credit card holders (3.3 million operating cards) and some 100 thousand trading houses. ICC provides card issue and clearing services to the leading credit brand names in the world. The company maintains long-term strategic partnerships with all banks in Israel and with leading retail chains and commercial entities in the economy. At the same time, ICC is developing payment services and advanced financial products, based on innovative technologies, through the payment platform it developed.

ICC is considered an "auxiliary corporation" under the Banking Law (Licensing), 5741-1981. Discount Bank holds 71.8% of the equity rights and 79% of the voting rights in ICC. The First International Bank of Israel Ltd. holds the rest of the rights in ICC. The Head Office of the company is located in Givataim and are expected to move during 2023 to the Discount Campus in Rishon Lezion.

The income of ICC is composed mostly of commission fees on the operation of credit cards and on the providing of payment solutions, as well as from credit financing income paid by its customers: credit card holders and trading houses. ICC has several subsidiary companies and one associate, through which it provides to customers a part of its services, including: Diners Club Israel Ltd. (franchise holder of the global Diners Club chain, which is engaged in the issue, marketing and operation of "Diners" credit cards, valid in Israel and abroad), C. A. L (financing) Ltd. (operates as the financial arm of the company for the purpose of providing credit to holders of the company's credit cards), Diners Finance Ltd. (engaged in financing the credit for a part of Diners credit cards), Iatzil Finance Ltd. (engaged

in providing financing services to trading houses through the discounting of "VISA", "MasterCard", "Diners", "American Express" and "IsraCard" credit card vouchers) and ICC Deposits Ltd. - all of which are wholly owned subsidiaries of ICC.

In addition, ICC has a 20% stake in the share capital of Shlomo C.A.L Ltd. (a company providing credit to private individuals interested in purchasing new vehicles by leasing transactions), and a 10% stake in the share capital of Casponet Ltd. (which is engaged in installing and operating of cash withdrawal machines at trading houses).

ICC issues, markets and operates directly "VISA", "Diners" and "MasterCard" credit cards, valid in Israel and abroad, and is also engaged in joint issue agreements with banks participating in the arrangement. ICC is also engaged in the clearing of transactions made by "VISA", "Diners" and "MasterCard" credit cards, valid in Israel and abroad, as well as by the "IsraCard" brand (in Israel only).

The strategic plan of ICC

➤ On December 30, 2021, ICC's Board of Directors approved a strategic plan for the years 2022-2026, which was drawn up with the assistance of external consultants. The aim of the plan is to provide an appropriate response to the challenges and opportunities arising from changing market conditions.

The multiyear plan was drawn up taking into account the changes taking place in the credit card market around the world, generally, and in Israel in particular, in view of the implications of the Increased Competition and Reduction in Centralization and Conflicts of Interests in the Banking Market in Israel Law, 5776-2016.

The plan focuses on moves intended to continue the positioning of ICC as a leader in non-banking payment and credit activities.

ICC's strategic focal points are:

- creation of future growth generators;
- establishing ICC as the leading credit card company in Israel;
- aligning the organization with the "new world",

including operating excellence, technological and business agility and the creation of an advanced data and digital infrastructure.

Principal operations and events at ICC in 2022

➤ ICC closed 2022 with record results, reflecting continued momentum in the company's endeavors. Net profit amounted to NIS 309 million, while the return on equity was at a rate of 14.3%. These financial results are, among other things, a result of the strict implementation of a focused strategic plan.


2022 was characterized by the Israeli economy stabilizing in the wake of the Corona crisis. The recovery from the crisis was marked by a variety of parameters, including growth in ICC's credit portfolio and in the scope of credit card activity, including overseas activity.

In 2022, ICC began to stringently apply a new multi-year strategic plan, at the basis of which are preparations for the new payments world and developments for fully exploiting existing operations and for the construction of new growth engines. ICC continued implementing a series of strategic initiatives and advanced technological projects, including an advanced, innovative payments platform, as well as long-term infrastructure projects, with emphasis on updating the core systems and the credit engine. The company also acted to simplify and improve processes from the customer's perspective.

ICC is set to continue acting in 2023 to create and provide innovative solutions and services for its customers and its partners, and to consolidate its position as a leading company in the off-banking payments and credit fields.

At the start of 2023, the Minister of Finance took a decision (which was approved by the Knesset Finance Committee), whereby Discount Bank is required to sell off its holdings in the company within a 3-to-4-year period. It is anticipated that this development will have material implications on the management and activities of the company, which are expected to materialize as the process progresses.

IDB Bank General Overview

 Israel Discount Bank of New York also known by its registered service mark, "IDB Bank", is a full-service commercial bank. IDB Bank is registered in the State of New York, is a member of the Federal Deposit Insurance Corporation (FDIC) and is wholly owned by Discount Bank.

IDB Ltd. began its operations in New York City in 1949, when it established a representative office. At that time, there were only a few employees and limited contact with the public. In 1962, IDB Ltd. became one of the first foreign banks to open a branch in New York, this following the New York State banking law change to allow foreign banks to operate branches in the city. In 1967, Israel Discount Bank Ltd. acquired the Hias Immigrant Bank and changed the name to IDB Trust Company. Ultimately, in 1980, the branch's assets were transferred to the renamed, wholly-owned IDB Ltd. subsidiary, Israel Discount Bank of New York ("IDBNY"). IDBNY also took over a major portion of the western hemisphere banking operations of its Tel-Aviv parent company. Subsequently, the Bank took on more contemporary nomenclature with the registered service mark "IDB Bank." In March 2000, IDB Bank became a wholly-owned subsidiary of Discount Bancorp, Inc., a Delaware holding company formed to hold its shares.

In addition to the New York HQ, recently relocated to the Grace Building in midtown Manhattan, as well as the branches in Brooklyn, Staten Island and New Jersey, the bank also operates branches in Southern Florida and Southern California. The bank offers diversified services in private and commercial banking to customers residing in the United States and abroad.

IDB Bank specializes in the following areas: U.S. Private Banking, International Private Banking, Middle Market Lending, Asset Based Lending, Commercial Real Estate Lending, Factoring, Syndications, and Trade and

Finance (Import, Export and Standby Letters of Credit, Documentary Collections, Bankers' Acceptances).

IDB Bank's broad range of banking services include Personal and Business accounts, Cash Management, Checking Accounts, Money Market Savings Accounts, U.S. Dollar and Foreign Currency Time Deposits, Credit Cards, ATM/Debit Cards (for personal accounts), Online Banking, Money Transfers, Lockbox Facilities, Safekeeping and Custody of Securities.

IDB Bank has sound liquidity and capital ratios; maintains well-capitalized designation.

Through its broker-dealer subsidiary, IDB Capital Corp, IDB Bank is able to offer investment products such as U.S. Government and Agency Securities, Corporate Stocks & Bonds, Offshore and Domestic Mutual Funds and Capital Market Instruments.

The strategic plan of IDB Bank

➤ In 2017, IDB Bank established a strategic plan to move from good to great; focused on customer experience for clients by putting their needs first, offering unwavering personal service, a trusted relationship and the expertise of their people. The strategic plan is focused on three core tenets: Growth, Infrastructure, and Culture. The primary purpose of our strategic plan is to build a solid technology and people infrastructure to support ourselves for future growth.

Growth – In 2022, the One Bank project involved the implementation of a pod-based Portfolio Manager operating model, along with a streamlined Middle Office credit process, to allow the Commercial Bank to scale effectively, increase RM focus on business development, and improve customer experience by reducing the processing of the lending lifecycle. The project also finalized the future-state model for segmentation and completed the discovery phase of our E2E loan process.

IDB Lido Wealth Management focused on the launch/operationalization of the joint venture and development of the market competitive wealth management value proposition. IDB Bank received SEC Approval on the Joint Venture, and has gone live as of the first quarter of 2023.

Infrastructure – Several large infrastructure projects underpinned the transformation of IDB Bank in 2022. The core conversation went live successfully with the Jack Henry Core, including deposit systems, onboarding tools, reporting, and online banking platform – upgrades to the loan system are fast followers for early 2023. In addition, IDB continues to solidify cybersecurity protocols to protect the bank against cyber threats.

Culture – To allow the bank to align with industry practices, IDB Bank has furthered its commitment of encouraging in-person collaboration by developing a hybrid workplace strategy model for all employees. Also, the bank continues to expand the diversity, equity and inclusion (DE&I) platform in accordance with prevailing trends. The focus of 2022 included strengthening retention and performance by focusing on talent development, cross-unit collaboration, and results driven compensation & culture.

In summary, the bank focuses on cultivating strong, new relationships and deepening our long-lasting, trusted client portfolio through the continued refinement of our segment expertise, and delivery of a robust, competitive value proposition for our target client segments.

Principal activities of IDB Bank in 2022

In 2022, IDB Bank remained committed to the execution of its long-term strategic plan, focused on three core tenets: Growth, Infrastructure, and Culture. From a financial perspective, IDB Bank continued to strongly perform and reported its highest ever Net Income of US\$114 million, 34% above budget. The overall macro environment for the second half of 2022 was challenging and

competitive, thus, loans & deposits retracted by 3.3% and 12.5% year compared to 2021, respectively. Loan growth was negatively impacted due to extraordinary paydowns driven by the rising interest rate environment.

Membership of organizations and external Initiatives

The Bank is a member of various organizations. Among the prominent organizations may be mentioned the "**Maala Organization**" – an umbrella organization of the leading companies operating in the Israeli market, which promotes corporate responsibility issues and develops standards for responsible management in Israel, the **Union of Banks** – an umbrella organization for banks operating in Israel, the aim of which is to maintain an effective dialogue regarding systemic issues with governmental agencies, as well as with the public and private environment, and the **Israeli Marketing Union** – a union of companies that market and advertise in all lines of industry, services and other sectors. **The Association of Publicly Traded Companies** – a representation organization for public companies in Israel, representing their interests at Government offices, Knesset Committees, The Israel Securities Authority and the Tel Aviv Stock Exchange. In addition, the Bank joined the **Global Compact** initiative of the United Nations (see below). The Bank is also a member of the "**Israel Human Resources**" Association (formerly: "The Human Resource Management Association"). MDB is also a member of the Union of Banks and of the Israeli Marketing Union. ICC is a member of the "Maala Organization", of the Israeli Marketing Union, the Forum of Credit Card Companies in the Union of Chambers of Commerce and in the Association for the management of the IMV terminals protocol in Israel.

In addition, corporate responsibility issues are reported by the Bank to the following entities and initiatives:

Reporting to investors by means of analysis in ESG issues, which performance in the environmental, social and governance fields.

Reporting to the Ministry of Environmental Protection regarding emission of greenhouse gases – a comprehensive annual report, which at the present time is submitted voluntarily, reviewing the emission of greenhouse gases by the Bank and measures taken to reduce it. A report in respect of 2021 was submitted in September 2022. At the date of completion of this report, the report for 2022 has not yet been submitted.



UN Global Compact – a strategic policy initiative by corporations which have committed to accept, support and apply within the framework of their area of influence, a series of basic values regarding human rights, standards for work and environment conditions and combating corruption. The companies have committed to report on their progress in applying and assimilating the principles. The reports published by the Bank since the year 2013 (Social Reports, Corporate Governance Reports and Environment, Social and Governance Reports) comprise progress reports for the relevant years.



Ratings in the fields of Environment, Social and Governance

"Maala" rating – July 2022, "Maala" published its rating for 2021. The Bank has been rated in the Platinum Plus category (awarded to companies with an absolute score of over 90) in a total score of 97, compared with 91 in the previous year. The rating is based on criteria detailed in a number of central areas of corporate responsibility. The rating allows the rated companies to be included in the Maala Index on the Tel Aviv Stock Exchange.

In 2022, ICC was rated for the first time in a platinum plus rating. During the six previous years, ICC was rated in the platinum rating.

Maala Rating – Diversity and Inclusion Score – in conjunction with the Ministry of Economics and the Equal Opportunity at Work Commission: in 2022, the Bank was ranked as the leader, topping the list of financial organizations for its activity in the realm of diversity.

In May 2023, The Bank submitted the rating questionnaire for 2022. ICC intends to submit the questionnaire in the beginning of June 2023.

BDI rating – the best companies to work for – The rating examines what is important for employees, what are their expectations from the work place and what are the most desirable places to work for. In 2022, the Bank is positioned in the 37th place in the rating and ICC is positioned in the 41st place.

BDI Code – A business leadership index rating approximately 500 companies in the market. In 2022, the Bank was awarded the 19th place in the rating and ICC in the 99th place.

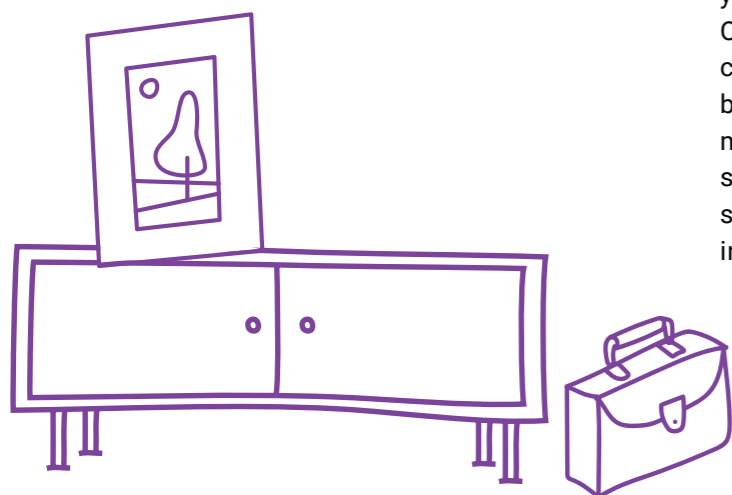
Dun's 100 rating – In 2022, the Bank (including MDB) was positioned in 4th place in the rating of commercial banks and ICC in the 2nd place in the rating of credit card companies.

IDB Bank – Currently, the overall Community Reinvestment Act (“CRA”) ratings for IDB Bank, are as follows:

- “Outstanding” – granted by the Federal Deposit Insurance Corporation (“FDIC”) - the Performance Evaluation was performed by the CRA on April 27, 2020; and the relating report was received on July 10, 2020.
- “Outstanding” – granted by the New York State Department of Financial Services (“NYDFS”) - Performance Evaluation was performed according to the CRA on December 31, 2019, and the relating report was received on July 15, 2021.

The above ratings are the same as the prior 2017 FDIC and 2016 NYDFS CRA examination ratings.

Mercantile Discount Bank – The banks' friendliness to small and middle market businesses Index – The Small and Middle Market Businesses Agency at the Ministry of Economy and Industry publishes this Index. The Index published in respect of the 2022 reports, placed MDB in the first place in the banking system.



Commendations and prizes

Discount Bank

2022 Computer Excellence Competition IT Awards – In 2022, the Bank won fifteen prizes in People and Computers magazine's Computer Excellence IT Awards competition for technological projects implemented during the course of the year:

- Cyber big data and analytics;
- Automation in back up processes for data security alerts;
- Fault prediction, analysis and troubleshooting array using SOSIVIO;
- CLOUD BANKING in collaboration with Microsoft;
- New UX and UI for ServiceSesk Analyst;
- Self Service Workflow Platform for IDM;
- Unveiling One-click banking services;
- Management and scheduling of meetings with a banker;
- Work process automation – RPA;
- One-hour bank response – a TeleBank management and control tool with an innovative correspondence dashboard;
- Online consulting;
- Microservices;
- Check deciphering;
- Cloud staffing and recruitment;
- Open banking – collaboration with Fibo for tax refunds.

Discount Bank was named in 2022 as a Superbrand in Israel – for the 9th consecutive year. The aim of the International Superbrands Organization is to identify and name in each country the brands that have demonstrated brand and marketing excellence in the local market. The Organization is active in some seventy countries around the world, and since 2009, the Organization is also active in Israel.

ICC

2022 International PayTech Awards Competition – First place for ICC's payment platform, in the 'Best PayTech Partnership' category. The prize was awarded for a partnership with Custodia company. ICC received commendation in the 'Best Innovation' category.

Excellence in Human Resources Competition – First place for ICC in the leadership and managerial development category from the Israeli Society for Human Resources for the contemporary leadership school at ING.

The Service Competition of HAMIL - the Israeli Management Center – Second place for ICC in HAMIL's service competition in the customer journeys category. The study that was presented described a number of measures for improving customer service

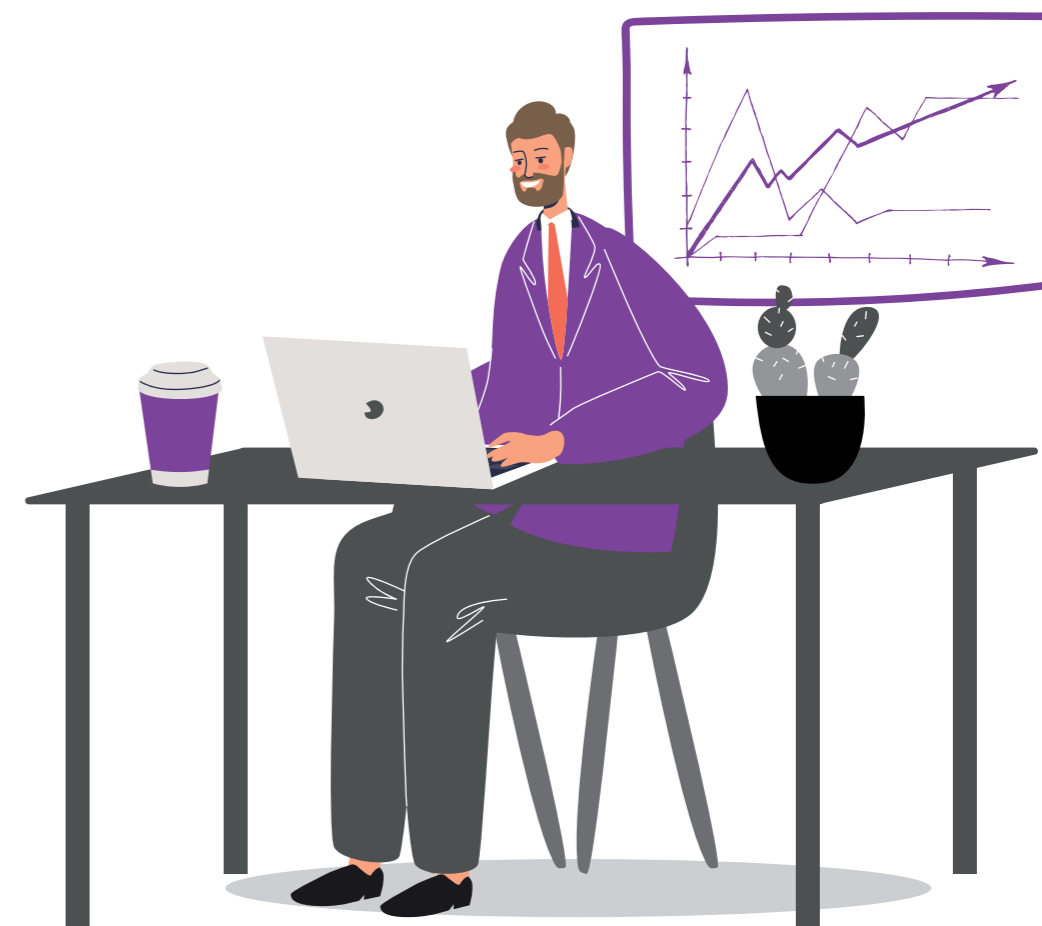
and his experience that were implemented in the last two years at the company, including:

- improving the new customer journey;
- transitioning to contactless cards;
- setting up a domestic and overseas front-office service team in the Service Department;
- rolling out RPA (a robotic process that does not make mistakes) in processes of account changing, granting credits, etc.

The processes have led to improved customer satisfaction and to fewer calls to call centers.

“People and Computers” – Winning the People and Computers' competition for two projects: the upgrade of ICC's operating system and material and CMP.

Superbrand in Israel – ICC was nominated in 2022 as a "Superbrand" in Israel, for the 14th year in a row.



Discount Bank and the United Nations' sustainable development goals

➤ 193 member states of the United Nations adopted in September 2015 the new agenda for the sustainable development towards the year 2030, by means of determination of the global Sustainable Development Goals (SDGs).

An analysis of the environmental, social and governance aspects activity of Discount Bank found five goals being most relevant to the operations of the Bank, which are set out below according to their relevancy to the Bank's activities. The Bank's efforts for the advancement of these goals are extensively described in the relevant parts of this report.

It should be noted that, in light of having approved the strategic environmental, social and governance plan, the Bank is expected to add, with effect from 2023, the following goals: 1 – poverty eradication, 5 – gender equality, 7 – available and clean energy, 11 – sustainable cities and communities, 13 – climate change, 17 – partnership for attaining the goals.

THE DEVELOPMENT GOALS INCLUDE 17 GOALS COVERING A WIDE RANGE OF SUSTAINABILITY ISSUES. AN ANALYSIS OF THE CORPORATE SOCIAL RESPONSIBILITY ASPECTS ACTIVITY OF DISCOUNT BANK, FOUND FIVE GOALS BEING MOST RELEVANT TO THE OPERATIONS OF THE BANK



Goal No. 4 Quality education

Commitment of Discount:

The Bank sees in the education field a generator for personal and social success of the individual, and, therefore, encourages activity for promoting quality education and learning opportunities.

Targets:

4.1, 4.3, 4.5.

Activity of the Bank in the field:

"Sprint Discount" program – the flagship program of the Bank for the advancement of education and knowledge in geographical and social periphery in cooperation with "Sprint for the Future" Association, which develops and operates programs for the advancement of youth in risk situations in peripheral areas;

Assistance to students – the Bank and MDB offer students a variety of finance solutions designed to respond to their special needs. MDB operates a unique program for the promotion of higher education in the minority population groups;

DARCA – is a network of high schools intended to strengthen schools in the geosocial periphery and from various communities in Israeli society. DARCA's activities promote students' success and excellence. The Bank provides strategic support for activities at schools in Ashkelon and Julis;

INCLU – promotes a groundbreaking agenda of kindergartens and schools at which children with special needs and those without learn together, with an emphasis on providing the necessary environment to achieve accomplishments. The children learn to include their classmates. The Bank provides strategic support to Inclu for the operation of educational institutions and for the opening of additional facilities;

RASHI Foundation –the Cyber Education Center – is a program for the cultivation of excellence and the provision of accessibility

to professional knowledge and skills in the cyber and computer fields for youngsters from the periphery and marginalized populations, as a lever to narrow social gaps. The Bank provides strategic support for the StarTech and Mamriot (Taking-off) programs.

The Group invests in associations and initiatives promoting education and knowledge with the aspiration of strengthening weak populations and advancement of the future generation.

For a more extended description of the above described activities for the promotion of "quality education", including the Bank's policy, operational activities and annual goals, see the Chapters "Customers" and "Discount in the Community".

Impact on groups of stakeholders: customers, community

Goal 4 - Performance over the years

2022	Participation of approx. 14,000 youngsters in 350 activity centers of "Sprint" project
2021	Participation of approx. 12,500 youngsters in 340 activity centers of "Sprint" project
2020	Participation of 12,000 youngsters in 319 activity centers of "Sprint" project
2022	270 scholarships to students granted within the framework of "Sprint" project
2021	254 scholarships to students granted within the framework of "Sprint" project
2020	272 scholarships to students granted within the framework of "Sprint" project
2022	Approx. NIS 15.4 million scope of investment of the Group in education and schooling
2021	Approx. NIS 12.3 million scope of investment of the Group in education and schooling
2020	Approx. NIS 4.2 million scope of investment of the Group in education and schooling



Goal No. 8 Employment fairness and economic growth

Commitment of Discount:

Discount Bank aspires to provide to its customers the best service with the aid of adapting the service to the needs of the customer and providing a professional and fair service. Within the framework of its business activity, the Bank contributes to the growth of the economy and the society in Israel, enabling financial stability over a long period of time.

Targets:

8.2, 8.3, 8.6.

Activity of the Bank in the field:

Promotion of small and minute businesses – one of the strategic focal points of the Bank is the small and minute businesses segment. The Bank assists these businesses in various ways, among which, promoting convenient solutions for management of business (such as - iCount);

Financial education – the Bank acts to make the financial language accessible to all age ranges at no cost, inter alia, by increasing the awareness and importance of long-term savings, sensible financial conduct, investment channels in the pension savings field and more;

"Impact investments" – (investments creating social impact) in the ultra-orthodox (Haredi) sector by means of the subsidiary Discount Capital.



MDB focuses on the granting of unique banking services and on the creation of value for customer populations with specific needs, including the non-Jewish population and the ultra-orthodox population.

For a more extended description of the above described activities for the promotion of "employment fairness and economic growth", including the Bank's policy, operational activities and annual goals, see the Chapter "Customers".

Impact on groups of stakeholders: customers, community, environment, suppliers

Goal 8 - Performance over the years

2022	NIS 41,185 million, outstanding credit balance for small businesses
2021	NIS 39,091 million, outstanding credit balance for small businesses
2020	NIS 36,439 million, outstanding credit balance for small businesses
2012-2022	807 financial education activities since 2012 and until the end of 2022
2022	US\$8.5 million, investments in impact funds
2021	US\$7.1 million, investments in impact funds
2020	US\$3.9 million, investments in impact funds
2022	MDB operates 12 branches in the ultra-orthodox (Haredi) society and 34 branches in the Arab society
2021	MDB operates 12 branches in the ultra-orthodox (Haredi) society and 34 branches in the Arab society
2020	MDB operates 12 branches in the ultra-orthodox (Haredi) society and 34 branches in the Arab society

Goal No. 9 Industry, innovation and infrastructure

Commitment of Discount: Within the framework of its strategic plan, the Bank aims at implementing technological means which will intensify customer experience, and aspires to lead the personal and humane service experience, based on listening to and understanding the customers' needs, while creating innovative and clear solutions.

Targets: 9.3, 9.4, 9.5.

Activity of the Bank in the field: "Fintech and innovation" – The creation of innovative banking models intended to provide customers with advanced services adapted to their needs. In doing so the Bank invested in several innovative initiatives in the fintech and innovation fields, such as PayBox, and such as the signing of a memorandum of understanding for the establishment of Greenlend – a venture for extending consumer credit and small and medium business credit, for customers of all the banks, by means of a company under the Bank's control;

Promotion of environmental credit – extending credit to the solar energy field;

Preparations for the changing labor world – in this framework and as a result of the accelerated implementation of the digital in the organization, the Bank conducted as from the beginning of 2019, several moves relating to the development of managers for leadership in the digital world.

For a more extended description of the above described activities for the promotion of "industry, innovation and infrastructure", including the Bank's policy, operational activities and annual goals, see the Chapters "Customers", "Employees" and "Green Discount".

Impact on groups of stakeholders: customers, employees, community, environment

Goal 9 - Performance over the years

2022	Approx. 770 thousand active subscribers on the direct channels at Discount Bank and approx. 235 thousand at MDB
2021	Approx. 703 thousand active subscribers on the direct channels at Discount Bank and approx. 217 thousand at MDB
2020	Approx. 625 thousand active subscribers on the direct channels at Discount Bank and approx. 213 thousand at MDB
2022	NIS 3.2 million of investments in energetic efficiency projects
2021	NIS 5.9 million of investments in energetic efficiency projects
2020	NIS 4.0 million of investments in energetic efficiency projects



Goal No. 10 Reducing inequality

Commitment of Discount: The Bank views with importance the diversification in employment, while offering employment opportunities to populations in the community which are under-represented in the labor market.

Targets: 10.1, 10.2, 10.3.

Activity of the Bank in the field: Customers in a financial crisis – measures for the rehabilitation of customers in financial crisis, in relevant cases, with the aim of assisting them to revert to normal activity; promotion of a pilot project for mediation regarding debtor portfolios financed by the Bank;

Prevention of discrimination – opposition to discrimination of any kind whatsoever, and application of this principle when hiring employees, promoting them and determining their employment terms;

Employment of persons belonging to populations under-represented in the labor market – In order to reduce the gaps in Israeli society and assist the populations under-represented in the labor market to integrate in the economy, the Bank and its principal subsidiaries in Israel promote the employment of workers of Ethiopian origin, workers from the Arab society, female workers from the ultra-orthodox society, as well as employees with special needs and employment during the summer months of young persons having vision deficiencies. Moreover, the Bank and ICC are active in expanding their operations in peripheral areas, by enlarging the operations of the TeleBank centers, which comprise employment centers for the different populations in peripheral areas, including populations under-represented in the labor market. ICC operates a service and sales center in Ashdod;

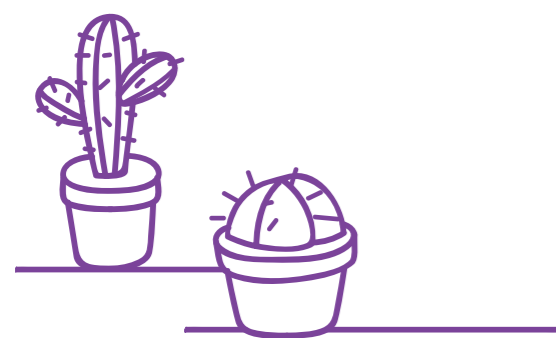
Employment of persons belonging to minority population groups – MDB is one of the largest employers of persons belonging to minority population groups;

"Sprint Discount" – cooperation with the "Sprint for the Future" Association, which develops and operates programs for the advancement of youth at risk in peripheral areas, with a view of reducing social gaps and increasing social mobility by means of education and knowledge;

Granting donations and sponsorships – in order to leverage personal and social success of children and youth in risk and distress situations, the Bank invests human and financial resources in activities programs in aid of the said target populations, mainly in the education and knowledge fields;

Increasing competition – ICC has conducted "competition raising" moves, both by engagements regarding the joint issuance with Bank Leumi and with Bank Hapoalim, and by engagements in the field of customer clubs (Shufersal and FlyCard).

For a more extended description of the above described activities for the promotion of "reduction of inequality", including the Bank's policy, operational activities and annual goals, see the Chapters "Customers", "Employees" and "Discount in the community".



Impact on groups of stakeholders: customers, employees, community, environment, suppliers

Goal 10 - Performance over the years

2022	2 complaint by employees regarding discrimination (within the framework of a submitted suit)
2021	1 complaints by employees regarding discrimination (within the framework of a submitted suit)
2020	0 complaints by employees regarding discrimination
2022	14.1% of Discount's employees come from a population under-represented in the labor market
2021	14.1% of Discount's employees come from a population under-represented in the labor market
2020	7.1% of Discount's employees come from a population under-represented in the labor market
2022	NIS 23.7 million, scope of investment in the community
2021	NIS *19.7 million, scope of investment in the community
2020	NIS *11.3 million, scope of investment in the community

* The figure was restated.

Goal No. 16
Peace, justice and strong institutions

Commitment of Discount:

The Bank holds the funds and financial assets of its customers. In such operations, the most basic condition for conducting business is the confidence that the customers show towards the Bank.

Accordingly, Discount Bank diligently maintains the rules of ethics and conducts its business in a legal and fair manner, abiding by the provisions of the law and regulations in its operations, and acts to combat bribery and corruption.

Targets:

16.5.

Activity of the Bank in the field:

Application of the "best practice" policy with respect to corporate governance.

At the beginning of 2023, the Bank announced that it would refrain from extending credit to businesses with a discriminatory policy.

For a more extended description of the above described activities for the promotion of "peace, justice and strong institutions", including the Bank's policy, operational activities and annual goals, see the Chapter "Corporate Governance".

Impact on groups of stakeholders: customers, employees, community, suppliers

Goal 16 - Performance over the years

2020-2022	The Bank has a code of ethics based upon the Bank's vision and values, which comprises a compass for the employees that directs them towards proper, ethical and appropriate conduct; the principal subsidiaries have their own ethical codes.
-----------	---

2020-2022	The Bank has a "whistle blowing" mechanism – a "hot-line" was installed at the Internal Audit Division handling anonymous calls regarding suspicion of fraud and embezzlement, improper accounting treatment, noncompliance with the law or material deviations from procedures of the Bank. A circular in this matter was also distributed to the employees, which clarified that the Bank's Management would not allow any action against employees who had submitted bona fide complaints. A similar mechanism is in operation at the principal subsidiaries.
-----------	---



Contributing to the economy

The Bank maintains daily relations with the local business community and its members. The Bank is also positioned in the meeting point of those wishing to save or deposit funds and those who wish to draw money for investment and development of their business. The Bank constantly provides a variety of financial and investment solutions to business entities and to various sectors of customers.

The economic value produced by the Discount Group results from its being a large economic entity, one of the five major banking groups in Israel. The Bank's operations and its business results create value for its shareholders. The Group pays taxes to the authorities as prescribed by law, employs a large staff and thus contributes to the livelihood of many families. The Group purchases services and products in a substantial volume, most of which in the local market.

The economic value created by the Discount Group

		2022	2021	2020
		In NIS million		
Economic values	The total economic value produced by the Group ¹	12,944	10,491	9,905
	Total economic value distributed by the Group to its stakeholders ²	9,640	8,518	7,279
	Total retained economic value ³	3,304	1,973	2,626
	Provision for taxes on income from ordinary operations	1,806	1,516	549
Employees	Number of Group employees ⁴	9,125	8,899	8,888
	Salaries and related expenses	3,568	3,468	3,242
Customers	Number of branches in Israel ^{4,5}	171	171	177
	Credit to the public ⁴	244,288	216,196	192,479
	Of which: housing loans ⁴	65,325	53,944	42,651
	Credit to small and minute businesses ⁴	41,185	39,091	36,439
	Commitment for investment in impact funds ⁶	11.5	10.5	10.5
Suppliers and community	Payment to suppliers	1,490	1,380	1,328
	Purchase in Israel	90.9%	89.8%	91.1%
	Contributions and investments in the community ⁷	23.7	20.9	12.8

Notes:

- 1 Net interest income (interest income less interest expenses) together with non-interest income (non-interest financing income, commissions and other income).
- 2 Operating and other expenses (including among other: salaries and related expenses, municipal tax, donations and community investments) with the addition of provisions for taxes and dividends.
- 3 The difference between the economic value produced by the Group and the economic value distributed by the Group.
- 4 Branches of Discount Bank and branches of MDB.
- 5 The volume of monetary donations (mostly) and indirect investments having a monetary value.
- 6 Data as of December 31, of each of the years.
- 7 Total liabilities by means of Discount Capital, within the framework of investments having a social impact alongside financial return.

Financial data of MDB and of ICC are presented in their annual reports for 2022, available on their respective Internet websites. Financial data of the Discount Group is presented in the 2022 Annual Report of Discount Bank, which is available on the Bank's website.

Data regarding the activity of the Discount Group by operating segments are presented in the 2022 Annual Report (pp. 253-271). Data regarding the activity of the Discount Group by geographical areas are presented in the 2022 Annual Report (p. 268). Data regarding the distribution of the overall credit risk of the Discount Group according to economic sectors are presented in the 2022 Annual Report (pp. 73-74).

Reinforcing the sustainability of the banking system and the economy

The Bank conducts its business intelligently through the meticulously establishment of processes for managing risk and for maintaining business continuity (detailed further in the report). The Bank acts responsibly in its dealings with stakeholders while taking into account environmental, social and corporate governance considerations.

In doing so, the Bank contributes to reinforcing the long-term sustainability of the banking system and the economy.

Indirect economic impacts

The Discount Group is acting towards promoting various benefits in favor of the public. Among the services in favor of the public may be mentioned the extensive activity with regard to financial education (see chapter "Customers" below).

Moreover, some of the Group's measures in the field of employee recruitment are intended for the empowerment of certain populations and to increase their participation in the labor market. The Group acts to promote employment in peripheral areas, to promote the employment of women from the ultra-orthodox sector and for the employment of employees with a disability (see chapter "Employees" below). MDB is one of the largest employers in the Arab society.

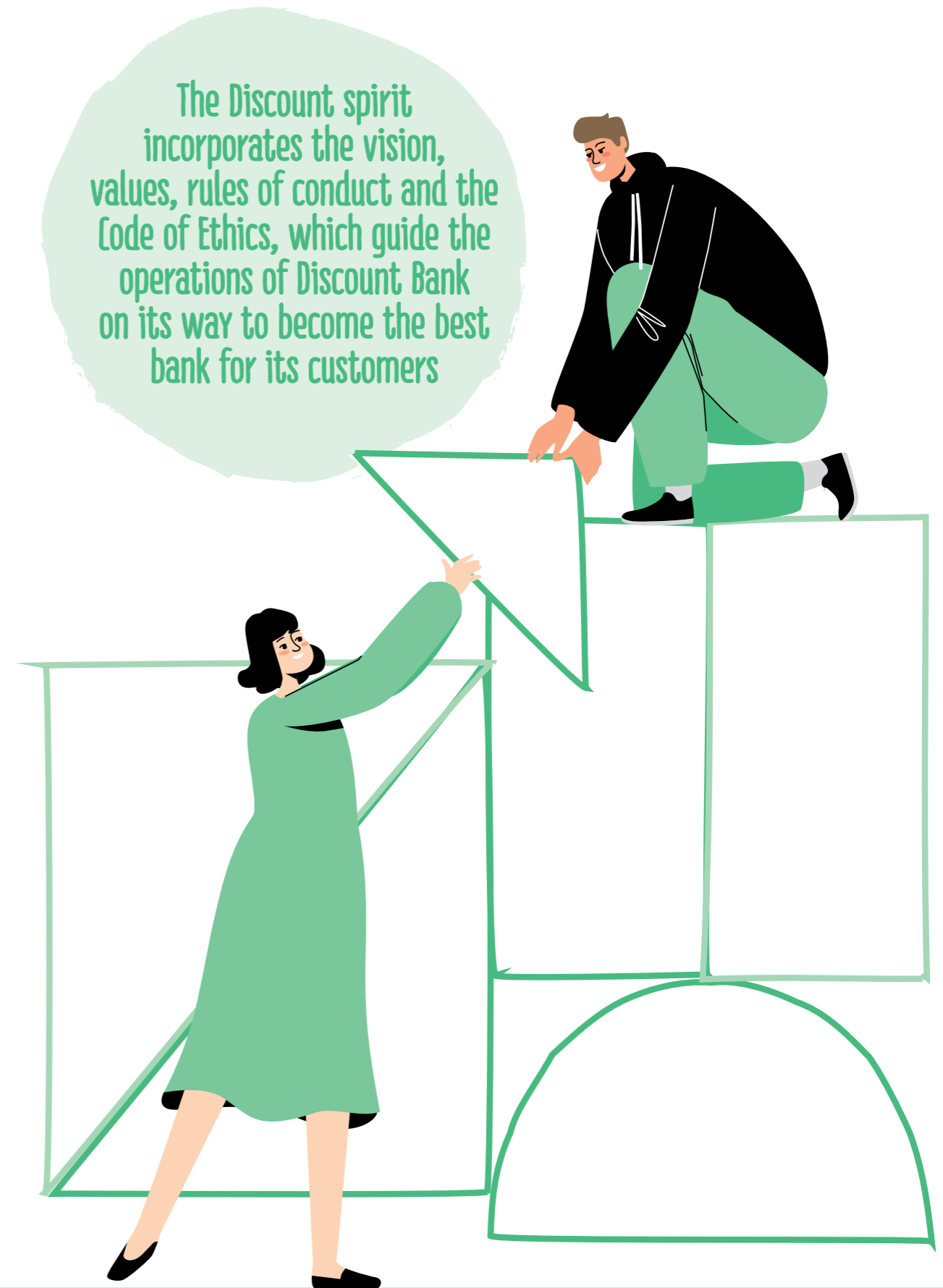
The Discount Group offers services to customers by means of a widespread branch network in the various regions of the country. This branch network contributes both to the availability of financial services in peripheral areas in the country (alongside a variety of online banking services) and to employment in these areas. The Group specializes in providing services to the non-Jewish population and to the ultra-orthodox Jewish population by means of Mercantile Discount Bank. (See Chapter "Customers" below, in the Section "A wide disposition of branches - servicing a wide variety of customers").

An additional indirect impact worth mentioning is the Bank's investment in its flag ship project in the field of contribution to the community - "Sprint Discount". The project focuses on the advancement of youth at risk in peripheral areas with a view of reducing social gaps and increasing social economic mobility by means of education and knowledge.



03 DISCOUNT SPIRIT

Vision, Values and Everything in Between	52
The Code of Ethics	56
Goals	59



The Discount spirit incorporates the vision, values, rules of conduct and the Code of Ethics, which guide the operations of Discount Bank on its way to become the best bank for its customers

DISCOUNT SPIRIT

We at Discount are committed to our customers, leading change, making it happen and succeeding together



Vision, Values and Everything in Between

Our Vision

> **We at Discount believe** that it is up to us to make our customers choose us anew every day. We understand that, in order for this to happen, we need to create added value and shape our customers' experience at every point of contact with the Bank.

We are eager to provide service and committed to do so at the highest professional standards, from a sincere and true desire to work in our customers' best interests.

It is important to us that we create value over time for all our stakeholders. The way we treat our customers, colleagues, partners and suppliers is how we would have them treat us: with fairness and integrity, consideration and respect.

As a financial organization, we are committed to work diligently in order to be deserving of the public's trust. Beyond compliance with all laws and binding procedures, all our deeds and actions are conducted transparently and fairly so as to fulfill the Bank's commitment to create and encourage economic and social growth.

It is important to us to feel proud of our workplace and to this end we encourage a challenging, supportive and pleasant work environment. We believe in the people who work with us and invest in strengthening them.

All of us together – the Bank's Management, the managers and the staff – are committed to continuing to promote the Bank's momentum of change, and the continued future growth and success of the Discount Group is the goal we constantly see before us.

The values described hereunder comprise the "Polar star" for us, and we integrate them into our organizational culture and into the internal discussions, making an effort to act in their light in all our areas of operation.

We shall endeavor to become the best Bank for its customers, permitting, over a period of time, growth and financial solidity by means of adapted, professional and fair banking.

Our Values

Commitment to our customers



- > We guarantee a professional and speedy response
- > We customize innovative solutions
- > We provide a convenient, available and transparent service
- > We confer an exceptional service experience

We are aware of our customers' changing needs and think from their perspective in order to provide them with a professional and speedy response with explicit added value. We endeavor on tailoring innovative solutions to the customer's needs and provide them an exceptional service experience, with emphasis on availability, simplicity, convenience and transparency.

Making it happen



- > We are proactive and determined
- > We take overall responsibility
- > We stand by our commitments

We work with enthusiasm and determination to achieve added value and results to the highest standards. We take responsibility for our work from A to Z and display diligence, initiative and resourcefulness in order to achieve our objectives. We stand by our commitments and strive to surpass expectations.

Leading change



- > We see change as an opportunity
- > We are curious and daring
- > We are open to new ideas

We identify change as a growth opportunity and display a constant curiosity for learning and self-development. We dare to go beyond our comfort zone, to break out of known boundaries and to adopt new ideas. We display flexibility and act speedily and diligently in order to adapt our operations to the changing world.

Succeeding together



- > We cooperate and share knowledge
- > We establish a trust relationship
- > We are considerate and respectful

We cooperate, share knowledge, consult and think together, thereby creating a multiplier effect. We establish a trust relationship and relate to each and every person eye to eye, with consideration and with respect, in order to create a work environment that is supportive, positive and challenging and an atmosphere that encourages personal and professional development.

The leadership model of Discount according to the spirit of the Discount values

The leadership model was introduced at the beginning of 2021, which defines the set of behavior expected from managers. The model was integrated into diverse processes at the Bank, and is a practical and central tool in designing and improving the quality of management at the Bank.

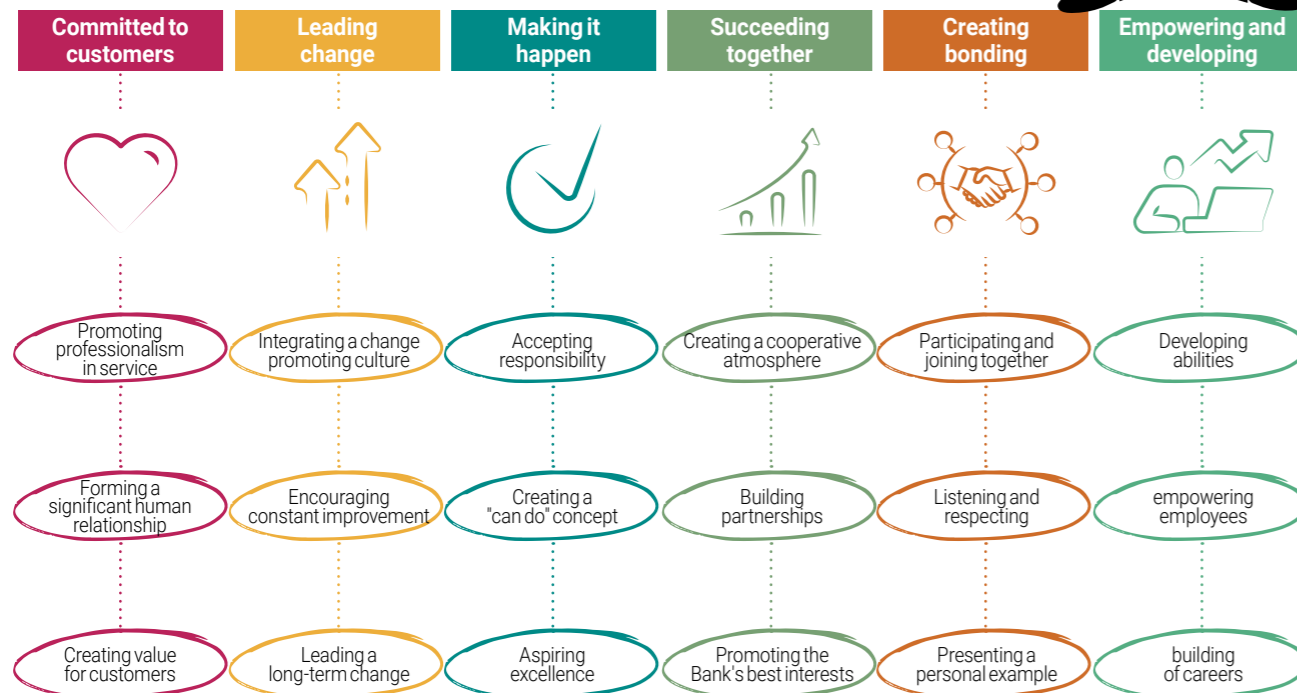
The leadership model includes six elements based on the "Discount Spirit": **empowering and developing, leading change, creating bonding, committed to customers, making it happen, and succeeding together**. The model is structured on three layers: **bases of leadership – skills – behavior**. Each leadership base contains three skills; each skill defines two modes of behavior.

In all three layers, the integration process continued at full speed during 2022 and an outcome of this process, inter alia, was the establishment of the Bank's Leading Forum.

The Bank's Leading Forum is composed of the Bank's 90 most senior managers and a plan has been drawn up that operates on several axes.

The plan's objective is to strengthen this grade, to give it a place at the management table, to equip it with suitable tools and to enhance its powers in such a fashion as to enable it to lead and advance the Bank's strategy in an optimal manner.

The comprehensive integration process has already begun to bear fruit and, in the employee experience survey conducted in 2022, a significant improvement was seen in all dimensions relating to the "My Manager" employee evaluation.



Vision and Values at the Principal Subsidiaries

The principal subsidiaries have adopted a vision and values adjusted to each such company's character and business activity. For further details about the values of the principal subsidiaries in Israel, see the Corporate Social Responsibility Report for 2017 (p. 49).

The vision of Mercantile Discount Bank

MDB aspires to become a community and central bank for the target sectors in which it operates, while providing all banking services and combining digital and innovative banking with humane and personal connection with its customers. At the basis of the materialization of this vision, the Bank strictly maintains guiding values of fairness and decency.

The values of Mercantile Discount Bank

MDB has nine values that provide an answer to the daily challenges, as well as to future challenges. The Code of Ethics, "for us", constitutes a moral compass for the acquisition of a common language and a resource for resolving the ethical dilemmas that are routinely encountered in all circles of affiliation of the bank's employees and managers: Me, Me and the other, Me and the bank, Me and the environment.



Me – We, the male and female employees of the bank, will always act in such a manner as to take personal and organizational responsibility for our actions. We share common, universal values and strive to nurture them on a daily basis during the course of our work, the foremost of which are: fairness and decency, transparency and integrity.

Me and the other – We believe that a stable, professional, personal and business relationship between the employees within the bank and between the employees and customers and suppliers is based on values of mutual respect and tolerance. It is our belief that working together is the key to success and prosperity.

Me and the bank – We maintain the highest standards of professionalism and personal excellence and cultivate a culture of constant improvement, while undertaking to promote the interests of the bank and striving to attain its business goals.

Me and the environment – We act with a strong sense of devotion and partnership with the community in which the bank finds itself and with the business environment in which it operates: suppliers, authorities, regulators, etc.

The vision of ICC

ICC aspires to realize the dreams, needs and wishes of its customers with gratification and responsibility, at any time and at any place. ICC's guiding principles in realizing its vision require it to act in responsibly, fairness, decency and flexibly.

The values of ICC

Three core values of ICC are found at the base of the vision and business strategy, which form a guideline for its operation: Customer Obsessive – obsessiveness for providing response to customer needs; promoting cooperation; innovation and technological leadership. These values were even more distinctly expressed with the outbreak of the Corona pandemic, and the need to provide quick and accessible response to customers of the Company. In recent years, ICC has been leading a continuous process

of digital transformation with an emphasis on user experience and the provision of added value in a complex and dynamic environment.

IDB Bank - Our Vision

"We aspire to be the best bank for our clients by putting their needs first, offering unwavering personal service, trusted relationships and the expertise of our people".

IDB Bank - Our Values - Our Personal Code

- **It's Personal** – We build lasting partnerships with our clients.
We develop our people – our greatest asset and competitive edge.
We base each and every relationship on integrity.
- **Client First** – We put our clients' interests and needs first and go above and beyond to meet their expectations.
We are responsive, approachable, flexible, and focused on maximizing value for our customers.
- **One Bank** – We put teamwork and collaboration first, for the whole of the Bank.
We are an inclusive community who is respectful, caring and committed to diversity.
- **Driving Change** – We strive to continuously improve, adapt, and turn any challenge into an opportunity.
We drive change and transformation to better serve our clients and address our employees' needs.
- **Execution Excellence** – We deliver on our promises and hold ourselves accountable.
We drive results with a can-do attitude.



The Code of Ethics

➤ The Code of Ethics of Discount has been written as part of the formation process of the "Discount spirit", which serves as the behavioral and moral base of the organization in forming a desirable organizational culture. The Code of Ethics addresses the moral and ethical conduct, principally with respect to values of fairness, integrity, respect and transparency regarding the ongoing relations with different groups of stakeholders, mainly employees, customers, the business environment and the community.

In 2021, the Bank conducted an updating of the Code of Ethics. The updated Code was approved by Management of the Bank and the Board of Directors, and is available on the internal and external websites of the Bank.*

The Code of Ethics was updated in a process that included examining the codes of ethics of other financial bodies in Israel and abroad, examining the Bank's existing Code of Ethics and an in-depth examination of the standards that have been developed in this field and that emphasize social and environmental responsibility, the prevention of bribery and corruption, the protection of workers making complaints on ethics issues, the existing regulation, the requirements coming from social bodies, with reference to changes that had taken place in Israel and globally.

The Bank's Board of Directors and Management see great importance in the absorption of the Code and in turning it into an integral part of the culture of the organization.

The Code of Ethics' absorption process in 2022 included, inter alia, professional accompaniment for members of the Ethics Committee in providing them with tools for identifying and handling ethical dilemmas, accompanying new members of the Committee on taking up their positions, a lecture on the topic of "Ethics and Business" for members of the Leading Forum,

* <https://www.discountbank.co.il/DB/private/discount-group/about/discount-spirit>

a lecture within the framework of "Choosing to Learn More", integration as part of the organizational counseling course for human resources managers, etc.

No breaches of the Code of Ethics were discovered in 2022.

The executive in charge of ethics at the Bank is a member of Management – Ms. Hagit Meirovitz - Executive Vice President, Head of the Human Resources Division. Operating together with her is the Ethics Committee, in which officiate representatives of the Bank's main units. In 2022, the Ethics Committee was expanded to include additional key parties from various units at the Bank, such as: business units, data protection, legal counsel, labor relations, employee welfare, customer complaints, and others. The tasks of the Committee include: outlining the ethical principles, and holding discussions on fundamental and organizational issues; monitoring the conduct of the Bank in accordance with the Code of Ethics and the integration thereof; encouraging 'round-table' discussions on ethics topics and making the subject of ethics an integral part of the learning content, particularly in the training provided when joining the Bank. The Ethics Committee convened once in a quarter (four times) in 2022.

The reporting mechanisms are an anonymous telephone line and Email, and/or through the organizational portal.

Three approaches to the Committee were received in 2022 by the designated email, and were each treated in accordance with its substance. The "read and sign" process was completed during 2022 for all employees (including outsourcing employees).

As in 2021, the 2022 employee experience review included a question relating to employee confidence in raising an ethical dilemma without concern. A certain improvement was noted in the positive response rate (a rise of four percentage points from 79% responding 'positive' and 'very positive' to 83%). As part of the integration program, emphasis was placed on holding a focused and open ethical

discussion. The results were presented to Management and the Board of Directors.

The dealing room's Code of Ethics. The Code of Ethics document for the dealing rooms of Discount Bank and Mercantile Discount Bank was approved in 2021. The document was drafted as part of the process of adopting the principles of the FX GLOBAL CODE (the global code for foreign currency market dealings). The banks have declared that the Code's principles were adopted in 2022. The Code of Ethics document anchors the principles and rules of conduct expected on the capital market, to which participants in trade dealings are subject. The purpose of the document is to create guidelines covering correct and best operating practice for participants in dealings, as well as to promote fairness and decency. The document is based on the values of the Bank's Code of Ethics and on its culture of compliance and risk management. It incorporates guiding principles alongside which are ethical issues and do's and don'ts, which are intended to assist the dealing rooms' employees in differentiating between desirable and undesirable conduct.



The Code of Ethics of the Principal Subsidiaries

Mercantile Discount Bank

MDB's Code of Ethics reflects the leading values of the Bank. The officer in charge of ethics at MDB is a member of Management, Ms. Liat Friedman - VP Head of Human Resources and Administration Division.

During 2022, the Code of Ethics was updated following an organized process that included an organizational review, focus groups and interviews, while examining the Code's response to future challenges. A media campaign was carried out using digital channels and also through posters hung in the various units. A comprehensive program was drawn up for ethical discussions to be held in the business units: regional ethics leaders led dilemma discussions with all employees of the branches; and concurrently, the managers received training on the subject of ethical leadership. A specially customized process was carried out at the commercial division.

The subject of ethics is deployed and integrated in professional position training sessions, as well as in management training sessions. The subject is also communicated within the framework of discussions in the various managerial forums (managers' conference, audit guidance, regional managers' forum, and the like).

The policy for the protection of reporting personnel and the reporting channel in the audit responsibility were communicated to all employees.

ICC

The officer in charge of Ethics at ICC is a member of Management – Ms. Lital Veksler, Deputy CEO and Head of the Human Resources Division. The Code of Ethics of ICC was approved by the company's board of directors in 2016, and since then it has served as the company's code of business conduct. New employees engaged by ICC receive an information manual concerning

the company's Code of Ethics as part of the process of inducting new employees. With the aid of a learning program, they are required to study the rules and ways to act when facing dilemmas that arise in the organization; they also have to sign that they have read and understood the principles of the Code of Ethics. When managers take up their management duties, they are required to study the subject of ethics, within the framework of managers' development courses that are held in the organization. Furthermore, once in every two years, all company employees must pass a compulsory interactive learning program on this topic.

The Code of Ethics of ICC is available to the employees on the organizational portal of the company and the general public is able to view it on the Internet website of the company.

The Code of Ethics was tested during 2021 in the matter of avoidance of bribery and corruption, and points of emphasis were drawn up focusing on the following issues: refusal to receive gifts intended to promote personal matters and relations with suppliers. The changes were approved and implemented in 2022.

IDB Bank

IDB Bank's Code of Conduct undergoes each year a process of validation and approval by the Board of Directors. The Code of Conduct was last reviewed and approved in February 2022. All employees and directors annually acknowledge that they have read and understood the standards and principles contained in the Code of Conduct. Every new employee is given a copy of the Code of Conduct. The Code of Conduct is administered by the Office of General Counsel in partnership with Human Resources, and is available on the Bank's intranet for all employees to access.



Reporting and Consultation Channels



Members of the Ethics Committee – through the organizational portal



Anonymous voice mail: 03-9438811



The direct and indirect managers



The Ethics Officer, Ms. Hagit Meirovitz, tel: 076-8058877, fax: 076-8890418, email: Hagit.m@dbank.co.il



Supervision and control functions, including internal audit and the compliance and control function



"Ethics Line" – Hot line to the Ethics Committee (calls may be made anonymously): 076-8058258

Goals

> Goals Presented in the Previous Report

Discount Bank	✓ Not achieved ¹	Integrating aspects of ethics into an additional process out of the human resources processes – the process of relocation to the Discount Campus.
	✓ Achieved	Intensifying the integration of the leadership model into the leading forum of the Bank (forum of managers reporting to vice presidents), and expanding integration to additional manager circles at the Bank.
	✓ Achieved ²	Biannual reviewing of the Code of Ethics.
ICC	✓ Achieved	Conducting a "read and sign" process once a year.
	✓ Achieved	Inclusion of the bribery and corruption avoidance issue in the Code of Ethics.
MDB	✓ Achieved	Distribution of the ethics courseware throughout the organization.
	✓ Achieved	Integration of a plan for dilemma talks with branch employees.

> Future Goals

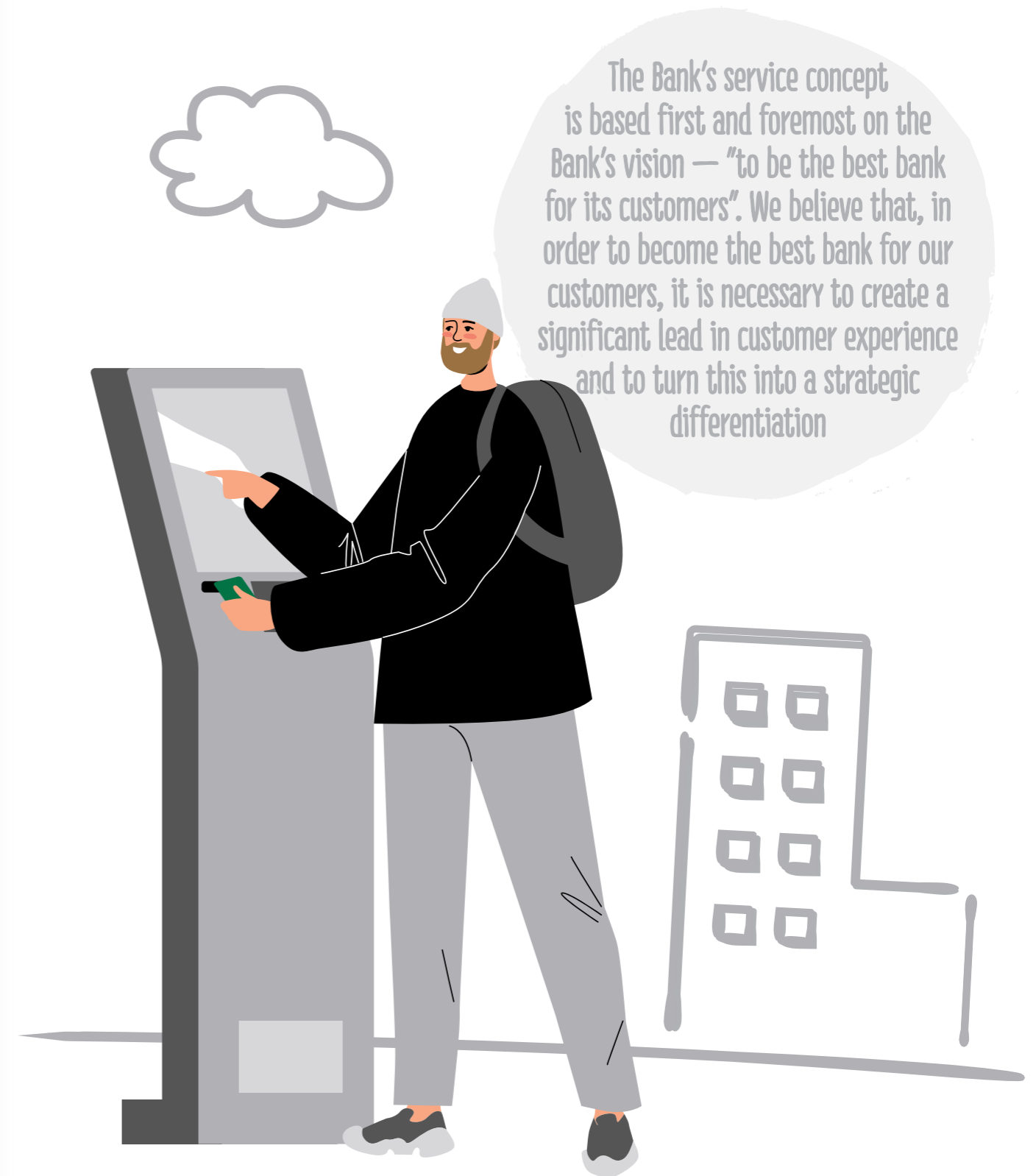
Discount Bank	Developing an additional specific learning unit relating to the Code of Ethics.
	Broadening the discussion on ethics in the Leading Forum and in the managements of the regions and divisions (at least six units).
	Integrating ethics topics in ongoing training sessions – service teams, credit teams, team leaders, and in the management course.
MDB	Updating the Code of Ethics and aligning it with 'Maala' requirements and changes in the labor market and the whole economic environment.
	Continuing to deploy the Code of Ethics at the branches and to raise awareness at the bank's head office.

Footnotes:

- 1 Not achieved, due to the move to the Campus having been postponed until the second quarter of 2023.
- 2 The code was updated at the end of 2021, an additional update will be conducted in 2023.

04 THE CUSTOMERS

Policy	62
Innovation	65
Services and products for the advancement of populations	67
Promotion of accessibility	78
Financial education	80
Striving for a winning customer experience	85
Fairness in products	92
Customer privacy and information security	97
Goals	105



Approx.
90,780
followers on
Facebook

41,185
NIS MILLION
the volume of credit extended to
small and minute businesses

770
THOUSAND
active subscribers to the
online services

THE CUSTOMERS



The Bank aspires to be a leader in the experience of personal and people-oriented service, based on listening to and understanding customer needs, while creating clear and innovative solutions and strives to create value for its customers

Policy

The vision of Discount Bank: "We shall endeavor to become the best Bank for its customers, permitting over a period of time, growth and financial solidity by means of adapted, professional and fair banking."

➤ The changing reality requires us to rapidly improve the customer experience – customers expect a different level of service and the basis for comparison is not necessarily with other banks; it may well be with organizations leading in customer experience provided by them. Discount acts to create a distinguishing competitive advantage for itself through providing a winning customer experience.

In order to realize this vision and to become the best bank for its customers, Discount has launched a comprehensive strategic project aimed at turning the entire Bank into a customer-orientated organization. This is done through a substantial and wide-ranging effort that encompasses all the Bank's units and leads to a deep and fundamental change in work processes and service principles, and also in conduct.

The leading index for measuring the success of the change is the customer recommendation index – "Net Promoter Score". This index has been successfully applied by thousands of leading organizations throughout the world. A direct correlation has been shown to exist between this index and increasing revenues, attracting new customers and strengthening customer loyalty.

The data is being collected within the framework of surveys performed by the Bank, the results of which are being measured against the data of the launching year for the project (2020). The NPS of Discount reached 7% in 2022, as compared to 2% in 2020. This compared to the average of the other large banking groups: 6% in 2022, as compared to 9% in 2020.

Within the framework of this mechanism, the Bank assimilate processes for listening to customers, for the in-depth and methodological analysis of customer feedback and the ability to translate

the messages conveyed thereby into effective initiatives for improving the customer experience at all points of its interface with the Bank.

In addition, within the framework of assimilating the vision, the Bank adjusts to the changing world and creates innovative banking models providing customers with an advanced service tailored to their needs. Inter alia in this respect, the Bank has invested in several innovative initiatives in the fintech and innovation fields. The Bank works to integrate banking excellence and culture of service, and insists on processes of learning lessons in connection with customer relations and dealing with customer inquiries.

The Bank is willing to open an account for customers, and provide them with service, subject to the provisions of the law and accepted banking considerations. From time to time, the Bank offers different population segments unique solutions and campaigns, on a purely economic basis, without involving irrelevant considerations of race, nationality, religion or gender.

Discount Bank works toward promoting fairness and decency in service - values that constitute an integral part of the ongoing business activity - inter alia, by promoting transparency and by providing full disclosure to customers, including the information that has to be provided to customers regarding the banking products and services offered to them.

Conduct of the service is based on the following principles:

- **Focus on customer experience** – implementing a listening and action mechanism to make improvements based on customer feedback, while striving to create a winning customer experience over all channels and in all the customer's dealings;
- **Tailored service** – specialization according to segments (customer arenas) instead of products - providing appropriate services and products in accordance with the characteristics and unique requirements of each segment;

- **One stop shop** – a comprehensive service to customers at one service point;
- **Team service** – provides a response for a more comprehensive service at one address at the branch;
- **Multi-channel** – enables customers to perform banking operations everywhere, at any time, in every channel and individually customized;
- **Expert banking** – provision of various professional services in the credit and investment sectors, including customizing the product to customers' needs and requirements;
- **Service initiative** – forecasting customers' needs and adaptation of product and services;
- **The integration of standards** for handling customer inquiries and the continued reduction in complaints;
- **Easy and convenient communication** with the Bank's customers using a variety of channels with an emphasis on emails to the banker.

A system supporting customer focused marketing was integrated at the Bank's service layouts. This system places the customers at the center and customizes the products according to their needs and preferences.

The branch layout

➤ In view of the reduction in manpower and the transition of customers in recent years to the digital arena, within the strategic program of the Discount Group, it has been decided to reduce real estate areas serving the Bank and the Group (see the 2020 Annual Report, pp. 333-334).

In accordance with the above, teller services at 3 branches were shutdown (not including one branch in which teller services reopened), this following the shutdown of teller services at 42 branches during 2019-2021. In two additional

branches cashier services were cut back to two days a week. In 2022 no branches were closed down at Discount Bank. In 2022, no branches were closed down at MDB. Teller services at 15 branches were shutdown, following the closing down of teller services at 34 branches in 2021.

In order to reduce as much as possible the harm caused to customers due to the discontinuation of teller services and with a view of facilitating the customers, clear guidelines had been prepared. As part of the aforesaid, at branches where teller services had been discontinued,

a banker was positioned for a period of three months, instructing customers having difficulty in using the online services, and also offered to customers was the possibility of reaching nearby branches where teller services are available.

As of the end of 2022, the branch layout of Discount Bank in Israel numbers 171 branches,¹⁴ 14 branches¹⁵ in central areas of the ultra-orthodox (Haredi) society, 36 branches¹⁶ in central areas of the Arab society, and many branches in peripheral areas. Such disposition provides accessibility to services of the Bank for all sectors composing the population in Israel.

¹⁴ 98 Discount Bank branches and 73 Mercantile Discount Bank branches.

¹⁵ 2 Discount Bank branches and 12 Mercantile Discount Bank branches.

¹⁶ 2 Discount Bank branches and 34 Mercantile Discount Bank branches.

Geographic distribution of Discount Bank branches

Region	December 31, 2022		December 31, 2021	
	Number of branches	Percentage of all branches	Number of branches	Percentage of all branches
Haifa	11	11.2	11	11.2
North	10	10.2	10	10.2
Central	22	22.5	22	22.5
Tel Aviv	31	31.6	31	31.6
Jerusalem	13	13.3	13	13.3
South	10	10.2	10	10.2
Direct branch (telephonic)	1	1.0	1	1.0
Total	98	100	98	100

Geographic distribution of Mercantile Discount Bank branches

Region	December 31, 2022		December 31, 2021	
	Number of branches	Percentage of all branches	Number of branches	Percentage of all branches
Haifa and Sharon	12	16.4	12	16.4
Nazareth	14	19.2	14	19.2
Acre	16	21.9	16	21.9
Tel Aviv and Central	16	21.9	16	21.9
Jerusalem and South	15	20.6	15	20.6
Total	73	100.0	73	100.0

Innovation

The Bank adapts itself to the changing world and works to create innovative banking models, which will provide customers with an advanced service adapted to their needs.

Among the goals of the Bank's strategic plan, is the goal of the implementation of technological means and increasing customer experience. The Bank operates to promote and develop all the digital platforms offered to customers of the Bank, first and foremost, the banking Application and the operations website. The Bank operates also to create cooperation with fintech companies and their integration in value offers to the customer, within the work environment of the banker and the Bank's systems. Moreover, the Bank promotes the educated use of the Bank's data assets, in order to improve the value offer and customer experience, as well as to increase the efficiency and effectiveness of central processes at the Bank.

Expanding the open banking services

The Bank has defined the open banking field as a strategic field, which embodies an opportunity for the creation of new and valuable financial solutions, products and services for customers, and was the first to introduce, in 2018, an API (Application Programming Interface) platform. Within the framework of the Bank's actions to expand its open banking services, several FinTech companies have joined the Bank's API platform: iCount offers account management services to small businesses; RiseUp offers a cash flow management service to private customers and assists customers' economic growth through effectively managing monthly cash flows; Familybiz which enables all the customer's financial information to be managed in one place; and Amir CashFlow Ltd. offers cash flow management services to small and medium businesses and assists them through data-based smart management. The connection to the aforesaid companies' systems is made through the secured technological interface, and it can be found on all the Bank's apps for all the customers.

Memorandum of understanding for the establishment of Greenlend

For details regarding the signing of a memorandum of understanding for the establishment of Greenlend – a venture that will provide consumer credit and credit to small and medium businesses for customers of all the banks, through a company under the Bank's control – see the "Greenlend" section in Chapter 2, "Group Profile and Financial Data", above.

Strategic cooperation for setting up a digital wallet

For details see Chapter 2 "Group profile and financial data" above, in the section "Strategic cooperation with Shufersal".

Most of the customer services that Discount Bank operate within the framework of the sophisticated initiatives in the fintech fields, are also available to MDB's customers.

Direct channels

In 2022, emphasis in Digital continued to be placed on the importance of allowing customers to obtain broader information and execute a variety of banking transactions independently, simply, conveniently, and securely. In actual fact, activity on the digital channels has become the central track for customers.

In 2022, among other things, a possibility was added of making an immediate transfer to a beneficiary that is not a Discount customer; An option was deployed at the app for additional deposits, resulting from higher demand to invest in deposits; The business transactions website in English was upgraded making it possible to execute a broader range of transactions; The 'Identified call from the Bank' service has also been added to the app, thereby enabling android customers to know when the banker contacts them back; A digital, investment consulting service called 'SMART INVEST' has been launched, which enables private customers to receive investment recommendations from their

> Continue on page 67

Innovation is ICC

ICC is positioned in the technological and digital forefront of its field, and constantly acts to develop smart solutions modified to the changing financial reality. In the era of open banking and in correspondence with the new payments world, the company continues to maintain its leadership and position in the competitive arena, while providing creative solutions with an emphasis on a convenient, simple and secured user experience.

ICC has developed an advanced and innovative payments and credit platform, designed for customers and for business partners, by which would be offered a wide selection of business applications in a simple and fast process.

The platform enables the company to offer Payments as a Service (PaaS) and Credit as a Service (CaaS). The platform enables also fast and flexible interfacing via API/SDK and immediate income generation for business partners – payments, credit and data; a quick implementation ability (going online within a few weeks); and compliance with all regulatory requirements. The platform increases competition by way of entry of new players and improvement of value offer for existing players; promoting innovation – by means of advanced and singular abilities in the local market; and allows quick application (TTM) and much more value to the customer. Among the abilities of the platform are:

- **Innovative issue abilities**, allowing the digital issue of a credit card for nonrecurring and recurring use; the issue of a virtual credit card in an innovative and easy manner, achieved in an end-to-end digital issue process, with no need for a physical plastic card, at the end of which tokenization is made, which allows attaching it to a digital wallet by pressing a button and making an immediate payment by means of it;
- **Advanced tools and operating abilities**, allowing use of diverse financing and payment sources, management of dynamic credit facilities; and support of many different types of accounts and currencies. All the above enable the offer

of a wide variety of smart cards, in a flexible, convenient and transparent manner;

- **Tools and wide management interfaces**, transparent and easy to use, offering varied and flexible possibilities for managing control of a budget and expenditure, and use of a technological interface allowing control domination and control over the issue of authorizations for the card.

During the reported year, ICC continued to focus on improving customer experience while expanding the digital services, upgrading of the digital assets and supportive operational processes. These actions included providing the possibility of observing transactions while being processed and access to data for the clarification of a transaction, which enable the customers full control over expenses and optimal management of expected charges. ICC continued to put at the disposal of its customers the WhatsApp service, a principal communication line, in addition to the telephone service, allowing direct correspondence with the service representatives of ICC. The company integrated during the reported year improvements in providing credit through the digital channels, thus making loans available on the digital to a wider public, by which ICC customers may obtain loans online 24/7, within three minutes, for any purpose or need: covering an overdraft, house renovation, vacation, studies, wedding, and more. During the year, ICC has upgraded the "designed cards" site of the company, allowing a unique service of personal modification of the credit card of each customer.

With the introduction of the open banking regulation in Israel in the reported year, ICC has developed and integrated an application program interface (API) with the view of allowing fintech companies secured connection to obtain information. These developments are accessible on a designated developers portal established in accordance with regulatory requirements. Moreover, the company had developed additional capabilities providing services to its customers on the basis of open banking, offering them information and tools for the management of the subscribers and the fixed expenses in a smart and comprehensive manner.

➤ Continue from page 65

personal consultant directly to the app; and more diverse improvements have been made in many areas.

At the end of 2022, the Bank had approx. 770 thousand active subscribers to the direct channels.

At the end of 2022, MDB had approx. 235 thousand active subscribers to the direct channels.

For further details, see the 2022 Annual Report (pp. 394-397).

Most of the customer services that Discount Bank operates within the framework of the online channels are also available to MDB's customers.

Services and products for the advancement of populations

➤ Alongside the diverse financial services which the Bank provides to all classes of customers, it develops designated services for specific populations, such as small businesses, minority populations, students, etc.

The Bank is aware of the changing needs of its customers and acts to provide a professional response having added value. Discount Bank is one of the large financial corporations and has a considerable impact on the economy; therefore, it is active in advancing the different populations, while diligently adapting solutions to their unique needs.

Discount – the Bank for the family

Discount is the first bank in Israel to market a unique program that grants special benefits to customers who are family members - "the Family Program".

THE BANK OFFERS ITS CUSTOMERS A UNIQUE PROGRAM, WHICH CONNECTS A NUMBER OF CUSTOMERS WITH DIFFERENT ACCOUNTS, WHO HAVE A FAMILY CONNECTION, THEREBY GIVING THE FAMILY UNIT FINANCIAL STRENGTH

➤ The Bank offers its customers a unique program, which is designed for existing and new customers who are related to one another. The idea is to connect several customers who are related to one another having different accounts, to the "Family Program" in the Bank's systems, and thus provide financial strength to the family cell. The program allows the utilization of the family's power and grants family members benefits having financial values.

The connection to the family group grants benefits to the family members participating in the program, and everything, of course, while strictly maintaining bank confidentiality so that none of the parties joining the program share or are involved in the accounts of the other family members.

The principal products of the family program are:

- **Exemption from commission** on money transfers in Israeli currency between accounts of the family members participating in the program;
- **"Family plus"** – offsetting interest on overdrawn accounts against the accounts of the other family members. The program allows customers to enjoy the setting off of interest charged on their overdraft so long as one or more family members participating in this benefit has at that time a credit balance on their current accounts, in accordance with the principles of the program;

- **"2go key" card** – a rechargeable card in the name of the child provides parent security and control over expenses, starting from the age of fourteen. An exemption from card fees for customers participating in the family program;
- **Business Family** – the program grants benefits to customers that manage their business account, private account and accounts of family members at Discount Bank.

Promotion of small and minute businesses

➤ The Bank applies strategic emphasis to the small businesses field, performing within this framework different moves regarding this segment that would enable assistance of the operation of the business, will provide a fitting response to his financial needs and will contribute to the growth of the business, with the aim of comprising a supporting network for Discount customers belonging to this segment.

The array for handling the small business segment is characterized by the granting of a comprehensive and professional banking service for business development, which includes focusing on all possible banking operations alongside the development of areas of relevant banking services, and which also

THE SMALL AND MINUTE
BUSINESSES SEGMENT IS DEFINED
AS ONE OF THE FOCUS SEGMENTS ON
WHICH THE GROUP IS TO FOCUS. THE
OUTSTANDING BALANCE OF CREDIT
EXTENDED TO SMALL BUSINESSES
AMOUNTED TO NIS 41,185 MILLION
AT THE END OF 2022

includes integration of innovations and the introduction of tools, products and contact channels to provide a value offer that is as broad and differentiated as possible.

The Bank is implementing an operating model for small businesses, in which the emphasis is on offering of a modified and unique to the Bank's business customers, and attracting new qualitative business customers. In order to secure customized service, the service teams and credit coordinators at the branches have been grouped in a format forming the infrastructure for providing solutions that fit the business profile.

The focusing on the small and minute businesses segment continued with an emphasis on increasing the activity with existing customers, attracting new business customers and the basing of growth upon developing and improving the models for the rating of business customers as a tool in making or supporting the decision to grant credit.

The services provided to customers of this segment include:

- **Service to small and medium businesses.** The Bank's small and middle market customers obtain services commensurate to their volume of operations, this in order to provide professional service appropriate to the customer's characteristics. Customers having a volume of operations of up to approx. NIS 15 million and indebtedness of up to approx. NIS 4-5 million, obtain services from the business banking teams at the Bank branches with the backup and support of professionals and content experts at the regional administrations. Customers having higher volumes of operations and indebtedness than those stated above, obtain services from the Bank's business centers;
- **Dealing room.** This dealing room provides services for the purchase and conversion of foreign currency as well as for hedge transactions. The Bank conducts a focused activity for connecting business customers,

both small and medium, to the commercial dealing room;

- **Business credit card.** The Bank offers a "business key" credit card to its customers. This card is intended to provide business owners with a unique service through the use of a credit card of a key type, which enables the customer to obtain discounts at trading houses that are suppliers;
- **"Business +" website.** A designated website for business customers which enables sophisticated, accessible and easy to operate business banking. The website presents comprehensive data regarding the accounts of the business and allows customers to transact business independently from their place of business;
- **SMS business packages.** A package that allows extension of current account services. Receiving messages regarding the following matters are available: notice in advance as to the termination of a guarantee, outstanding balance of guaranties relating to the account, collection of post-dated checks (balance and payments), checks serving as collateral (balance, payments and shortage vis-à-vis the defined amount), order of check books, dishonored checks, etc;
- **Application for business customers.** A designated Application for use by business customers, offering them a wide range of services and transactions regarding their current work;
- **The state-guaranteed loan fund for small and medium businesses.** Discount grants loans under convenient and flexible terms to small and medium businesses that are customers of any of the banks, within the framework of the new state-guaranteed fund that was opened in December 2022;
- **Loans to small businesses.** In order to allow the business to grow and develop, Discount offers a range of loans to small businesses under various tracks and attractive terms.

Supporting customers

➤ Discount Bank recognizes the importance of supporting its customers, even during times of economic changes, and assisting them in coping better with such changes. In this context, during the past year, the Bank has advanced a number of tools and products that will enable customers to cope better with the economic challenges:

- **Cancellation of interest on debit balances up to NIS 2,000** – In 2022, Discount announced a benefit that is exclusive to its customers, whereby customers do not pay interest on a current account debit balance of up to NIS 2,000. In 2022, more than 250 thousand customers were able to take advantage of this benefit. Concurrently, the Bank has introduced tools that will assist customers in managing their finances and in reducing their debit balance, including an SMS notification being sent when an account goes into debit, personal insights on the app for prudently managing finances and a link based on open banking to a fintech company's service that will assist in this area;
- **Deferral of principal and interest payments** – Discount allows the deferral of payments or the freezing of the loan for a reasonable, pre-defined period, with this aimed at enabling the customer to get his affairs in order and continue repaying the loan at the end of the deferral/freeze period. It should be noted that, due to the rise in the prime interest rate, the Bank allows its customers to extend the prime component in mortgages (under certain terms). In addition, certain customers that meet criteria specified by the Bank, are able to take an interest-free, unlinked loan for a two-year period; at the end of the two-year period, the customer can choose whether to repay the loan in full or to spread the repayments over a 36-month period.

Customers in a financial crisis

➤ As part of the “Discount Spirit”, the Group views the customer’s best interests and the personalization of credit to the customer’s needs as one of its core principles. Within this context, the Group works to preserve and develop the principle of “fairness and decency”, while making all the necessary disclosures and conducting its dealings with the customer transparently – not just when the loan is granted, but also when handling the collection of debts prior to taking legal proceedings.

In circumstances where the customer fails to meet his commitments to the Bank, the banking corporation is permitted to take legal proceedings against the customer to collect the debt.

Prior to taking legal action, the Group companies make every effort to exhaust all other possible options for full collection of the debt from the customer.

Each company in the Group has a debt collection function, which coordinates the handling of debt collection. The actions necessary to achieve this are taken in accordance with the law, while maintaining the fairness of the relationship between the Bank and the customer. In addition, the Group companies have a collection proceedings policy for the debts of customers that do not repay their debts as agreed.

Actions in connection with the debt collection proceedings are taken while stringently adhering to the highest principles of fairness and transparency vis-à-vis the customer. These are aimed at rehabilitating the customer who is in difficulty to an orderly economic, social and financial situation. Within this framework, the Bank can spread the debt over a longer period and can adjust the repayments schedule to the customer’s repayment ability and its intention to conduct itself properly from an economic standpoint. Employees of the units that handle debt arrangements receive guidance in deploying

the policy and in how to deal with this topic as required.

➤ **Households and small businesses** – Within the framework of the Bank’s activity vis-à-vis customers suffering from financial weakness or a financial crisis, the Bank operates a unit for soft collection proceedings. This unit works with households and small businesses prior to the customer’s file being passed to an external lawyer for attention. As part of this process, the Bank works to reach an arrangement on the account, taking a forward-looking viewpoint and under principles of fairness and decency. Such action is taken with respect to accounts on which the activity was normative and on which there is no concern of fraud or embezzlement.

In 2022, out-of-court collection arrangements were reached with 9,675 customers, approx. 67% of all the accounts that required attention in that year;

➤ **Soldiers in regular military service** – Problematic accounts of soldiers serving in the regular army are handled within the Bank’s soft collection framework. Legal proceedings are not taken with respect to these accounts;

➤ **Companies** – The Special Credit department is a designated function in the Corporate Division whose main role is to rearrange and collect debts experiencing difficulties. The Special Credit department coordinates the handling and collection in relation to material credit files that are in difficulty or are problematic, including legal proceedings, with the aim of reaching collection arrangements and repayment of the debt. The department constitutes an independent unit and is separated from the business units that handle credit on a regular basis. The department reports directly to the Head of the Corporate Division. A designated unit operates as part of the special credit department; the aim of this unit is to deal with active companies

that are in difficulty and to accompany them in the rehabilitation and recovery process and to enable them to return to viable activity, rather than having them be subject to legal proceedings. This is a designated team whose sole purpose is to assist with the business’ rehabilitation and to return it to stable operations. The unit’s team provides such companies with a broad and comprehensive service that includes the whole range of business services that the Bank offers its customers, taking an overall perspective of their business needs and providing close, fair and professional support. The Bank extends to such customers a unique service that is based on communication and understanding the business’ needs at the time of crisis, with the primary aim of these efforts being the customer’s successful rehabilitation. The company’s success returning to normal business operations creates added value for the company as

a source of self-generated profit and for the economy as a whole as a source of livelihood for numerous families, while at the same time creating value for the Bank as a result of the customers continuing healthy and varied business activity.

In particular cases, the team assists the business factors providing guidance in accordance with requirements and customer needs, even before transferring the case to special credits, thus simplifying the transfer of the customer between units and helping recovery of his financial condition in the business units handling his case.

In 2022, collection arrangements without court proceedings were reached with 14 customers, of which three customers were indeed sent a lawyer’s letter, but an out-of-court arrangement was made with them.



Economic strengthening for female victims of violence

➤ In recent years it has become more widely understood that the population in shelters for female victims of violence, who have mostly been forced to flee their homes without any support and resources, lacks the means to survive and manage from a financial aspect. These women's economic dependence on their abusive husband/partner could continue or even intensify, sometimes even leading to their returning home - even though this is not actually what they want.

In view of this and as part of the desire to promote the economic independence of women, it was decided to support female victims of violence staying in shelters and halfway homes. To this end, the "Banking Availability" Covenant was drawn up in January 2016 with the aim of assisting female victims of violence to embark on a new and independent economic path. Partnering in this initiative are: the Association of Banks in Israel, the banks and credit card companies in Israel, the Banking Supervision Department, the shelters for female victims of violence, social organizations and the community centers.

Discount Bank has appointed a coordinator for this topic and has strengthened its personal connection with the shelters that look after female victims of violence. The women are assisted by suggesting relevant financial advice in accordance with the special circumstances of each individual case. Within the framework of these activities, the Bank cooperates with the social workers at the shelters in providing whatever support is needed to the women staying in the shelter.

In June 2019, the Banking Supervision Department and the Association of Banks in Israel, in conjunction with the banks and the credit card companies began implementing a pilot project that expands the application of the "Banking Availability" Covenant, which deals with providing assistance to female victims of violence staying in shelters and halfway homes, whereby it will be possible

to provide support to both female and male victims of violence that are not in shelters and halfway homes, but have contacted centers for the treatment of family abuse that are run by the Ministry of Labor and Welfare. There are currently 103 such centers in Israel to which some 1,000 men and women turn for help each year. The centers taking part in the Pilot thus far were the larger centers. The Pilot had been completed and since 2022, the Treaty applies to all centers in the country providing service to men and women victims of violence.

When the Bank is contacted by the shelter or the assistance center via the social worker, the coordinator acts in cooperation with the Debt Monitoring Unit, with the branch management and with other relevant units and the case is examined with the aim of assisting and preventing any deterioration in the woman's situation. Together they go over the account printouts, check whether there are standing orders or direct debits that, owing to the woman being in the shelter, are superfluous, examine whether there are outstanding loans and whether assistance can be provided by easing the repayment schedule, and at optimal interest, consider dividing the debt on the account, freezing the collection proceedings, exploring the possibility of removing the woman from the joint account, etc., all in accordance with the circumstances of the woman/man in respect of whom the inquiry had been raised.

Along with this, the "Banking Availability" Covenant calls for the banks to provide financial education at the shelters through the "Banks Adopt a Shelter" program. The volunteers from the Bank work on broadening the financial knowledge of the women and on providing personal support to the women staying in the shelter.

Since its inception, the Covenant has helped in solving such problems for more than 1,700 women. The Bank has dealt with requests from approx. 200 women and men, some of them in a long-term treatment. In 2022, the Bank dealt with some 50 applications from

men and women, some of which in a long-term treatment. In addition, telephone requests for advice were also received.

MDB is also a partner in the Covenant and in its associated endeavors and provides a personal and humane response to women who contact it. As part of the aforesaid, MDB partners financial education activity and women's empowerment for female victims of violence in the Arab sector. ICC also acts to implement the Covenant and provides women with a personal and rapid response, while providing financial tools and helping them utilize in full their financial rights.

Promoting senior citizens

➤ **Technological accessibility for senior citizens** – The Bank is working copiously in order to help different populations, including the senior citizens population, in the integration of the correct and safe use of online services. This, due to the belief in the advantages that such services may bring to these populations (availability of the service, time saving, unique experience, etc.) and the understanding of the difficulties that accompany the process of the change in consuming the services and the adoption of new technologies.

Within this framework, the Bank invests considerable efforts in the planning and design of the interfaces and the digital processes, while especially emphasizing the simplicity of the processes, their intuitiveness and the language in which they are presented.

The Bank operates in two principal channels:

➤ **The digital channel** – The work plan of the Bank regarding the online channels focuses on the addition of banking functionality, which allows conducting banking transactions at any place and at any time, thus avoiding the need for the personal presence of the customer at the branch. The Bank also emphasizes "friction removal" by mapping the difficulties and finding solutions that may make it easier for customers to use the digital services. These

- along with upgrading the ability to receive textual assistance in the app from a bot or a human banker and creating marketing materials and instructional videos which instruct, in a friendly and simple way, the customers how to use the digital services - make the digital channel accessible to the older population and encourage their use;

➤ **The service channel** – At each branch where teller services are being discontinued, the Bank places a banker whose job is to assist customers in obtaining service by means of the automatic machines, with special attention to the senior citizens population. Furthermore, the said bankers instruct the older customers in the use of the mobile application and the website, in order to facilitate the customers in conducting such operations in an independent and convenient manner.

Customers over seventy years of age are entitled to priority in line for service. This is brought to the attention of the public by relevant signs and by video clips on LCD screens at the branches.

Such customers also receive preference and priority when communicating with the Bank's telephone centers.

The Bank took the initiative to talk with elderly customers to whom a debit card had been issued; as part of these talks, the customers received explanations regarding the cards and their use.

On the days that the national insurance allowances are paid, the recipients are able to receive a code to make a one-time withdrawal, without the use of a card being required, over the telephone, once the customer's identity has been verified.

More suitable for students

➤ With the aim of making higher education accessible to all youngsters, the Discount Group is offering a variety of loan models that are intended to answer the special needs of students. Thus, for instance, with respect to a loan of the "Degree with peace of mind" class at Discount Bank, the repayment period is up to eight years, and the repayments of the principal of the loan may be deferred for three years, while enjoying especially low repayments during the studies period. A loan for the splitting of tuition fees is granted against the presentation of a payment voucher (also to the parents of the student). The payment voucher may be split into up to ten payments without interest and linkage (the first payment made in cash).

The overall repayment period for loans to students studying abroad for higher degrees, is seven years, and the repayment of the principal amount of the loan may be deferred for up to twenty-four months. Loans to students for any purpose are also available at attractive interest rates.

MDB has also introduced in recent years special credit products for the student

population, which are especially tailored to their needs and abilities, with a special focus on peripheral areas, and on the Arab sector and the Haredi sector:

- **Tuition fee loans granted at the branches** – students may finance tuition fees by a long-term loan, with a grace period (of up to four years) during studies and beginning the long-term repayment of the principal amount one year after completion of studies;
- **Financial tranquility for the student** – cooperation with the academic institutions by means of a tuition fees fund, whereby - in most cases - the institution pays the interest on the loan, while the student repays only the principal amount.

Student loans in the years 2020-2022

	2022	2021	2020
	in NIS millions		
Discount Bank	170	200	207
MDB	162	187	295



Services and products for the advancement of populations at the principal subsidiaries

MDB

MDB specializes, inter alia, in providing services to small and medium businesses and in providing services to the Arab and ultra-orthodox Jewish populations.

MDB views the retail segment as a central target of its business development and is focused on the appropriate disposition of branches in this sector, as well as on improving the service to its customers.

MDB WAS PLACED ALSO IN 2022 IN THE 1ST PLACE OF THE BANKS' FRIENDLINESS INDEX FOR SMALL AND MEDIUM BUSINESSES, WHICH IS PUBLISHED BY THE SMALL AND MEDIUM BUSINESSES AGENCY.

Within the framework of this segment, MDB provides to private customers, typified by household activity, a variety of banking services and financial products, including services regarding credit, housing loans and the capital market. MDB provides these services to customers of this segment through an array of its branches, which at the end of 2022 numbered 73 branches countrywide and by means of the TeleBank, the mobile application and the Internet website.

The service to the general customer population of the Bank in the private sector, is based upon many years of acquaintanceship and the granting of personal consulting and service, both at branches and through additional marketing channels (Internet, TeleBank, etc.), as well as on through involvement in the community and adapting to its needs.

Most of the customers of MDB belonging to the household segment of this bank receive banking services by means of MDB branches, 34 of which are located where there is an absolute majority of the Arab population, near the cities Acre and Nazareth, as well as additional branches in others places in Israel, including: Rahat, East Jerusalem, Wadi Nisnas in Haifa and more.

Service to the Haredi customer population
 MDB operates 12 branches at the heart of the Haredi community. The branches are located countrywide, mostly in the Jerusalem, Bnei Braq, Ashdod, Beit Shemesh, Netivot areas, as well as in additional areas with a high Haredi population concentration. The bank specializes in the development of products and the granting of dedicated services for the Haredi customer population. The bank has a special unit to deal with associations and organizations belonging to the Haredi community, which handles many hundreds of customers.

In addition, MDB has set itself the goal of developing relationships with the ultra-Orthodox community also in branches located in additional cities, such as – Rehovot, Netanya, Petah Tikvah, and others.

MDB OPERATES 12 BRANCHES AT THE HEART OF THE HAREDI SECTOR AND 34 BRANCHES IN SETTLEMENTS WITH AN ABSOLUTE MAJORITY OF THE NON-JEWISH POPULATION

The small and medium businesses segment
 The small and medium businesses segment at the MDB is one of the outstanding segments in the activity of the bank and is, accordingly, a central target in its business development. Within the framework of this segment's activity, MDB provides varied banking services and financial products to small business customers

(individuals and companies). Around one half of the customers of MDB who belong to this segment live in communities where the population has an absolute "non-Jewish" majority, mainly in the Acre and Nazareth Regions, and receive banking services by means of the Bank's branches, 34 of which located in these regions.

OVER THE YEARS, THE TOTAL AMOUNT OF LOANS THAT MDB HAS GRANTED WITHIN THE FRAMEWORK OF BUSINESS FUNDS STANDS AT APPROX. NIS 5.5 BILLION (OF WHICH APPROX. NIS 1.8 BILLION IS FROM THE CORONA FUND). AT THE END OF 2022, THE BALANCE OF LOANS MADE WITHIN THE FRAMEWORK OF THE SMALL AND MEDIUM BUSINESSES FUNDS AMOUNTED TO APPROX. NIS 1.8 BILLION (OF WHICH APPROX. NIS 1.1 BILLION WAS FROM THE CORONA FUND)

Governmental funds for the support of business – during the past decade, MDB has developed, in cooperation with relevant government agencies, expertise in the granting of credit to small and medium businesses through governmental funds for the support of business.

Small and Medium Businesses Fund – The Ministry of Finance informed the Bank on January 17, 2016, of its decision to accept the offer of MDB (and its institutional partner) as

one of the winners in the tender. The amount of loans within the framework of the Fund which MDB granted its customers (jointly with the institutional body), amounted until December 31, 2022 to approx. NIS 1,941 million (2021 - approx. NIS 1,720 million). The outstanding balance of these loans stood at NIS 523 million as of December 31, 2022.

It should be noted that the aforementioned fund is no longer active, and, in its place, a new state-guaranteed fund began operating from December 5, 2022. This new fund is without a tender (any applicant wishing to join is invited to do so, provided that it meets the terms and conditions).

Through December 31, 2022, a negligible amount had been granted within the framework of the new fund. In the first quarter of 2023, approx. NIS 100 million was granted within the framework of the new fund.

Prior to the fund being opened, MDB created a unique product that leverages the considerable experience it has acquired in the funds sphere. MDB offers loans of up to NIS 500 thousand without collateral, with a charge on equipment instead of a deposit wherever possible, and with an exemption from document preparation fees.

The corporate banking segment

Within the framework of this segment, MDB provides a variety of banking services and financial products to large business corporations and corporations engaged in real estate. The business of such customers is typified by significant complexity and sophistication - and, accordingly, the bank provides to these customers financial products, mostly in the credit field, tailored to their activity and specific needs - taking a comprehensive view of their varied businesses.

ICC

ICC is working to develop diverse financial solutions and tools tailored to customers' needs and is investing considerable efforts to provide a comprehensive array of tools for minute, small and medium size businesses that will enable them to develop new growth engines.

Service for minute businesses – ICC provides clearing services to minute trading houses through aggregators. When a trading house applies to ICC and the registration process identifies it as a minute business wishing to clear credit cards through mobile devices, it is referred to the aggregator which then coordinates the clearing services for it. The aggregators that partner with ICC specialize in providing a solution to minute trading houses' needs through the use of advanced technologies, which enable the minute trading houses to conduct transactions speedily and digitally over mobile phones.

IDB Bank

Credit to the local community – Under the Community Reinvestment Act (CRA), IDB Bank is required to help meet the credit needs of the local communities in which they are located. IDB Bank's CRA activities (i.e., community development lending, qualified community development investments and grants, and community development services) are evaluated approximately every three years by federal and state regulators, in order to assess the bank's record in helping to meet the credit needs of the communities it serves, including low-to moderate-income neighborhoods, consistent with safe and sound operations. Information regarding IDB Bank's CRA activities is available to the public through the CRA Public File maintained at each of IDB Bank's seven branch locations. Furthermore, the FDIC and NYDFS make IDB Bank's CRA Performance Evaluation available to the public through their respective website.



Promotion of accessibility

➤ Approx. 20% of the population of the State of Israel is defined as having disabilities of varying degrees - physical, emotional or intellectual, including cognitive, either permanently or temporarily. Discount Bank attaches considerable importance to making its services and properties suitable for persons with disabilities and makes accessibility modifications. Hence, in accordance with the Equal Rights for Handicapped Persons Law, the Bank has appointed an Accessibility Coordinator who leads and coordinates the accessibility operations at the Bank and serves as an address for any approach in the matter.

The Bank conducts a "Discount accessible" project, within the framework of which, the Bank made accessibility modifications in accordance with the new regulation, both from the aspects of building, infrastructure and environmental modifications and the aspects of modifications for accessibility to service. For the purpose of the project, the Bank has entered into engagements with several entities specializing in the subject of accessibility for people with disabilities, in which authorized professionals operate, who accompanied the Bank, providing guidance and advice on the modifications required for easy access.

Within the framework of the project, necessary accessibility modifications have been made to the Bank's properties and to its services following the performance of a comprehensive survey. Accessibility modifications have also been made to the Internet marketing website and to the operations website, and to the application and, in addition, training sessions are held for Bank employees on the topic of accessibility - both training sessions for employees, upon starting their job, who as part of their duties, provide service to the public, and also annual refresher courses for all the Bank's employees.

The above stated relates also to MDB and to ICC.

Accessibility modifications at properties – The Bank has completed preparations and

modifications with respect to accessibility for handicapped persons to buildings and infrastructure used by the Bank. Modifications were made by the Bank to access routes, entries, service and waiting stations, solutions for differences in heights (wheelchair lifts and elevators), modification of self-operated instruments, furniture, signposts, accessible cubicles, including application to the relevant authorities for permission to carry out construction modifications, and more. Furthermore, the Bank acts and continues to act with local authorities regarding the planning of access routed to Bank branches, starting with the allocation of parking lots for disabled persons and ending with modifying accessibility from the beginning of the road to the entry into the branch premises. Execution of the modifications had been made in accordance with stages required by law (four stages) and was completed in accordance with the time schedule prescribed by law.

Service accessibility at the branches

The various branches of the Bank have aids and assistive services such as:

- **Audio induction loops** – assistive listening technology that helps with hearing directly within the ear, cutting out background noise;
- **Two-way hearing system** – a system for enhancing voice volume, which is installed at teller stations where there is a partition;
- **"Call-Hear"** – a system for calling a service representative at the entrance to a branch;
- **"STEP-HEAR"** – A voice guidance system for people with impaired vision;
- **Access to written information** – including forms, documents and information pamphlets in accordance with customers' needs, including conversion of information into audio files, digital files or Braille writing for customers with impaired sight;
- **Translation into sign language** – with the aid of a professional interpreter at meetings with the Bank representative;

- **Discount TeleBank** – modifying the call routing at the telephone service center by simplifying the language, slowing down the audio speed and removing the background music;
- **Correspondence with a banker on the Discount application;**
- **Service without having to wait in line** – for persons having a valid certificate stating their right to receive service without waiting in line, senior citizens over 70 years of age and pregnant women;
- **Service animals** – permitting entry to service animals, including a service animal that is being trained.

Access to devices for self-use – Devices such as ATM's, data and appointment management, have been modified with respect to height and to user interface, including the option of obtaining vocal guidance for persons with a disability.

For further information regarding accessibility at Discount Bank and the disposition of branches with accessibility can be viewed in the accessibility statement on the Bank's website.

Digital accessibility on the website and application – the digital revolution has made the Internet and applications the main channel for obtaining many services, including banking services. Discount Bank provides its customers with browsing services via an Internet website that complies with statutory requirements, including the Equal Rights for Disabled Persons Regulations (Accessibility Adjustment to Services), 5773-2013. Moreover, the website conforms with the recommendations of the Israeli standard (IS 5568) for Internet content accessibility at an AA level and with the guidelines of the W3C organization's document WCAG 2.0 regarding web accessibility, which deals with Internet standards. At the same time, Discount Bank's application for cellular phones and tablet devices conforms with the accessibility requirements of the Israeli standard (IS 5568) at an AA level and with the guidelines of the W3C organization's document

WCAG 2.0 - both for the iOS operating system and also for the android operating system.

5-year survey – In conformity with Regulation 28 of the Equal Rights for Disabled Persons (Accessibility Adjustment to Services) Regulations, 5773-2013, the Bank is required to conduct an accessibility survey for all its properties and services. The legislator's objective is to create continuity and preservation of what has already been done and what still needs to be completed in accordance with the revisions and changes in the law. In accordance with this requirement, in 2019, the Bank began a periodic survey for all its properties and services, in congruence with the stages of the "Accessible Discount" project. Within the context of the survey, all the accessibility adjustments required under the law and the regulations have been checked, both from the aspect of building, infrastructure and environmental modifications, and also from the aspect of accessibility to service adjustments, including on the Internet websites and apps. The aforesaid survey has been completed and, in 2024, another five-year survey will begin.

The Bank takes action to eliminate accessibility gaps, once they become known. Where the survey revealed gaps, from the aspect of buildings, infrastructure and environment and from the aspect of service, the Bank has taken full and appropriate action to close these.

It should be noted that the Bank conducts guidance regarding accessibility to its employees and also conducts surveys and periodic checks, with this being in accordance with the need and the requirements of the law and regulations.

Inspection of accessibility. In April 2022, the Commissioner of Equal Rights for People with a Disability (Ministry of Justice) conducted an inspection of the Bank Discount Branch in Kiryat Ata, examining compliance with regulatory requirements and maintenance of accessibility. No deficiencies in accessibility were found by this inspection.

Financial education

➤ The present financial world is much more complex than the one that prevailed a decade or two ago, and even several years ago. The choice of financial products has become wider and the products themselves more complex. Higher domestic and global inflation, together with the steep rise in interest, have become material factors making it much harder to manage the family and business budget, and therefore the financial discourse has become a central topic in the public debate. Additional factors that are having an effect on financial behavior and on its complexity are the rise in life expectancy and, as a result thereof, the importance of long-term savings, the consumer culture, sensible financial conduct, the cost of living, investment channels regarding pension savings, the choice of a

mortgage loan, the rise in interest compared to the return from investment channels, as well as the growth in credit to households and also the change in nature of relations with customers, which is basing itself on digital channels. In recent years, the Banking Supervision Department has taken a lead in the process of financial education, in conjunction with the Association of Banks in Israel and all the banks.

In 2022, the lectures underwent a process of refreshment, revision and adjustment to the current financial reality, such as adjusting the contents to align with the focus populations (e.g. pre- and post-army youngsters, ultra-Orthodox women, etc.).

In its contact with its customers and the public at large, the Bank strives to make the financial



language accessible to the full range of ages and initiates many activities, such as:

- Customer conventions at the branches on matters of sensible financial conduct, family economics and the capital market;
- Lectures to organizations/corporations at their request;
- Lectures on pension planning for adults;
- Lectures at academic institutions on financial matters intended for young adults.
- Financial lectures for small businesses;
- Lectures under the Bank of Israel guidance;
- Cooperations such as "Sprint".

The conventions are designed to simplify understanding and make the financial language accessible to the customer public. The conventions focus on explaining basic terms, recommended consumer activity and material financial aspects in budget management and finances, while presenting to customers the various service arrays and the modification to customer needs of the consulting services available at the Bank. In these conferences, customers also receive responses to their questions.

In the wake of these conventions, customer readiness to increase their involvement in important financial decisions during the various stages in life is noted. The feedback supporting the conventions indicate the satisfaction of the participants and their wish to continue being invited to similar activities.

The activity of the Bank in the financial education field is conducted at no charge and is open both to Bank customers and to those who are not customers of the Bank.

In 2023, the forum will promote activities for the general public on the subject of digital fraud. In addition, the promotion of a further round of activities to strengthen digital banking among the elderly will be looked into.

Since 2012, the date of starting this activity at the Bank, through the end of 2022, all of the Bank's branches have participated in over 807 different events, 36 of which took place

in 2022 (similar scope to 2021).

In 2022, in light of changes in the patterns of the relationship with customers and the community as a result of Corona, this activity was conducted over ZOOM as well as through face-to-face meetings with customers.

Furthermore, the Financial Education Unit acts vigorously in locating new lecture materials on financial subjects in the spirit of the period and for the enrichment of the participants in financial knowledge.

Financial education forum

➤ The Supervisor of Banks established a Forum in 2016, which includes the Association of Banks in Israel, as well as all the banks operating in Israel, with the aim of expanding the activity on the subject of financial education. Discount Bank participates in many of the Forum's committees.

This year, within the framework of the activity of the Financial Education Forum, the focus was on the Arab population in the 20-45 age bracket, in tens of settlements throughout the country having an Arab population (totaling approx. 80). As part of the preparations for this activity, a presentation in Arabic was prepared. The activity took place in two implementation rounds: the first in June 2022 and the second in November 2022.

Discount Bank fully partnered the process, both from the aspect of its planning and also from the aspect of its implementation, with lecturers coming to deliver lectures from all over the country.

Printed media - professional literature

➤ In 2022, a guidance presentation was produced in the Ukrainian language in order to provide support in connection with the integration of new immigrants and refugees from the war in Ukraine. In addition, means to assist with calculating and managing family expenses were developed, which is distributed at lectures.

Promotion of accessibility at the principal subsidiaries

Accessibility at MDB

MDB is making its branches and its self-used devices accessible for persons with disabilities. The bank has an accessibility officer who coordinates the topic of accessibility at the bank and serves as the address to which inquiries on this topic are directed. The bank is working on providing accessibility at its properties - from modifying furniture, service counters, signage, the branch entrance, height levels, parking, and services, through to making access to the branch from the street accessible, in coordination with the local authorities. At the branches themselves, there are aids and services intended for persons with disabilities, including dedicated systems for people with hearing or sight impairments. These include "Step-Hear", an audio signage and wayfinding solution for the sight impaired, which enable such persons to be provided with audio information, as selected by them and in accordance with their location, audio induction loops, a two-way audio system, and Call-Hear system for calling a service representative at the entrance to a branch. Concurrently, accessibility modifications have been made to self-use devices, including making adjustments to the height of ATMs and making it possible to receive audio instructions; providing accessibility to devices for executing account transactions independently ("Mashov"); and providing accessibility to line management points. Moreover, as is the case at Discount Bank, MDB is making its services accessible to persons with disabilities, including the possibility for accessibility to written information for persons with hearing or sight impairments; providing accessibility to the telephone service center; service without waiting in line for the eligible; and permitting entry to service animals. At the same time, the Internet website and the application are being made accessible in accordance with the recommendations of the Israeli standard for Internet accessibility (IS 5568) at an

AA level and with the guidelines of the W3C organization's document WCAG 2.0 regarding web accessibility.

All services and branches of MDB are accessible for persons with a disability in an equal and fair manner.

Accessibility at ICC

ICC offers its service to a broad and diverse range of customers, including customers with disabilities. As part of the concept of providing a broad and inclusive service, ICC offers diverse accessibility arrangements - ranging from the physical accessibility of the "ICC House" building, where the public reception area is located, through to making the telephone service accessible. The physical accessibility includes accessible parking at the complex, accessibility of the entrance door, passageways, signage, accessible furniture and bathrooms. In the public reception area, accessibility to service is provided through representatives who will read out forms, the use of assistive audio systems, escort and direction assistance, service without having to wait in line for those so entitled, and so forth. Furthermore, in the sphere of service accessibility- service representatives trained in the provision of accessible service, making the voice response system accessible, setting up a written communications team that can provide a comprehensive solution for customers with disabilities. Service accessibility is achieved through the use of writing tools such as the ICC WhatsApp channel, on-line forms, a dedicated fax line and contacting the company's accessibility coordinator either by email or regular mail. Moreover, other services are provided on request, such as the reading of documents over the phone, translating into sign language, with advance coordination, and so forth. The company's Internet websites have been made accessible in accordance with the accessibility guidelines of Israel Standard 5568 - "Internet Content Accessibility Guidelines" at an AA level. This Israeli standard is identical to the guidelines document of the international organization that deals with web standards - Web content Accessibility Guidelines - WCAG 2.0.

Further information regarding accessibility at MDB and ICC can be viewed on the companies' websites.

Accessibility at IDB Bank

IDB Bank complies with applicable provisions of the American with Disability Act (ADA). The ADA requires that disabled persons be afforded the same access to public accommodations and given the same employment opportunities as nondisabled persons. The ADA is made up of five titles; the two that apply to banks are Title I, Employment, and Title III, Public Accommodations and Services Operated by Private Entities. Specifically, ADA prohibits discrimination against persons with disabilities in the areas of employment practices, access to physical facilities, and goods and services offered to the public.



Financial education at the principal subsidiaries in Israel

MDB and ICC, as does Discount Bank, view the absorption of financial education as an important layer of their activity in aid of the community, and accordingly, employees volunteer to impart basic banking and budget management terms to teenagers and young persons (for additional details, see the Chapter "Discount for the community" in this report).

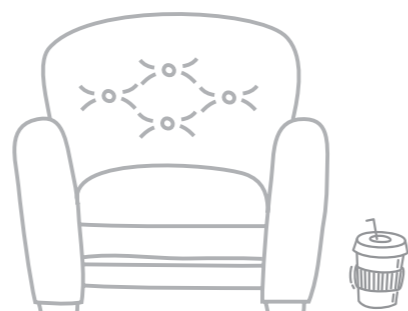
Additional measures by the companies for the field's advancement:

- **A financial education workshop initiated by the Banking Supervision Department** – MDB participates in a Forum initiated by the Banking Supervision Department for the advancement of financial education. The activity in 2022 took place in conjunction with the Association of Banks in Israel and the Israeli banking system, in partnership with the Federation of Local Authorities in Israel and has focused – with experiential intensity – on raising financial awareness and strengthening digital banking within the Arab society;
- **Additional workshops** – Employees of MDB conduct from time to time financial education workshops for youth groups in local authorities;
- **"Cal Lada'at" (ICC to know) on YouTube** – ICC has a YouTube channel that includes a series of animated video clips that provide information about financial concepts in plain and simple language and at eye-level: interest and prime interest rate, loans, revolving credit, non-banking credit facility, banking credit facility, safe purchasing on the Internet, immediate debit card, non-banking credit, CPI linkage and rechargeable (prepaid) cards. This set of video clips received hundreds of thousands of views.

Lectures and workshops

In 2022, as stated, the content was refreshed and adjustments were made to align it with the current financial situation.

The Bank offers a range of lectures and workshops, including:



Enrichment lectures

Financial education The most important lesson in life – the Golden Path to smart financial conduct	An experiential lecture presenting an image of data and situations relating to the individual’s financial conduct, and how this can be improved. > Our image – how does the data actually look; > Why does this happen – the motivators for conduct; > Thinking like a business – managing money the right way, tips for intelligent consumption; > What to say to our children and the like.
The most important lesson in life that we don’t learn at school	A lecture to youngsters in high schools (what is money, the importance of budget management, how to manage expenses, smart consumerism, common current concepts, investing in the future).
Navigating the financial world after the army and university	How to cope with the financial world and with the challenges of “being an adult”.
Digital banking for elderly citizens	Highlights and tips for safe surfing in the digital world; main points in using the app.
Pension savings	Aspects and highlights of pension savings according to the age and needs of the target audience.

Capital market

Investment strategies in an uncertain environment	A lecture that describes, in a light and experiential manner, what is happening in the capital markets in Israel and abroad and how to prepare for the year ahead, including the economic challenges currently confronting investors in the capital markets.
The Israeli economy in the face of global trends, inflation, rising interest, the war in Ukraine, etc.	The effects of the post-Corona era, the war in Ukraine and rising interest on the global and domestic markets.
The economic environment and the housing market in Israel	An up-to-date snapshot of the Israeli economy and housing market and the mutual influence.
Psycho-finance	The relationship between making economic decisions and investments in the stock market, and personal psychological characteristics

In 2023, it is planned to expand the activity and to bring knowledge to youth, young men and women, students and families and to make the knowledge accessible for safe surfing and digital use by the elderly.

Striving for a winning customer experience

> The Bank’s service concept is based first and foremost on the Bank’s vision – “to be the best bank for its customers”. We believe that, in order to become the best bank for our customers, it is necessary to create a significant lead in customer experience and to turn this into a strategic differentiation.

Our customer experience concept is based on leading in the customer recommendation index – “Net Promoter Score” (NPS). We are deploying an organized and structured mechanism aimed at creating and maintaining the best customer experience in the Israeli banking system. This mechanism is based on several tiers:

- > **Constantly listening to customers** – the Bank is conducting, by telephone and by SMS, a series of ongoing and focused surveys in order to evaluate customer satisfaction. The surveys are being carried out among all the Bank’s active customers and, in some instances, for comparison purposes, also among customers of rival banks. The various surveys measure both the recommendation index (NPS) and also a long list of parameters that can affect it, including comprehensive questions regarding the various communication channels, the customer’s bank dealings, and so forth. In addition, the Bank regularly holds in-depth talks with every customer who has expressed dissatisfaction with the Bank in order to resolve the problems raised by the customer, but also to understand the root problems and to attempt to solve them from a pan-organizational viewpoint. During the past year, thousands of customers were surveyed and many hundreds of in-depth talks were held with customers;
- > **Analysis** – the Bank makes use of advanced, AI-based analysis tools in order to analyze all the data reaching it from all the various sources. The insights obtained from the analysis is translated into initiatives for implementation;

- > **Implementation** – the rapid and effective deployment of many improvements and changes resulting from customer feedback, both on the frontline and also in the core processes and in the customer’s bank dealings;
- > **Constant monitoring, control and improvement** – the Bank deploys a series of tools to regularly monitor the attainment of service goals and customer experience at all levels, from the rank-and-file in the field right up to Management, with all this aimed at continuing to improve the NPS and to attain the goals derived therefrom.

Discount acts according to the marketing strategy – “Discount wants you more” – which is in line with the competitive approach of Discount and with the aspiration to create a winning customer experience. In this framework, several initiatives have been introduced, among which was the abolition of interest charge on debit balances of up to NIS 2,000, and commitment to provide response within one hour with respect to the correspondence service on the Application. In 2022, the response rate within an hour was 99% (as of March when the service was launched). Discount was the first in the Israeli banking system to raise interest on deposits and has proposed a series of solutions to make things easier for customers having to face higher monthly mortgage repayments.

Assimilating customer experience values within the organizational culture – the Bank utilizes several methods to reinforce the customer experience values in the organizational culture: holding team meetings dedicated to the topic of service and screening service video clips at the branches within the “Daily Diary” framework; deploying conduct and routines that support customer experience at the branches, at the TeleBank and at the Bank’s head offices; regularly measuring all the Bank’s ranks on the NPS; holding a dedicated customer experience indices competition between the branches; and commending and rewarding the excel branches.

Ongoing surveys examining the customer's experience over the various channels

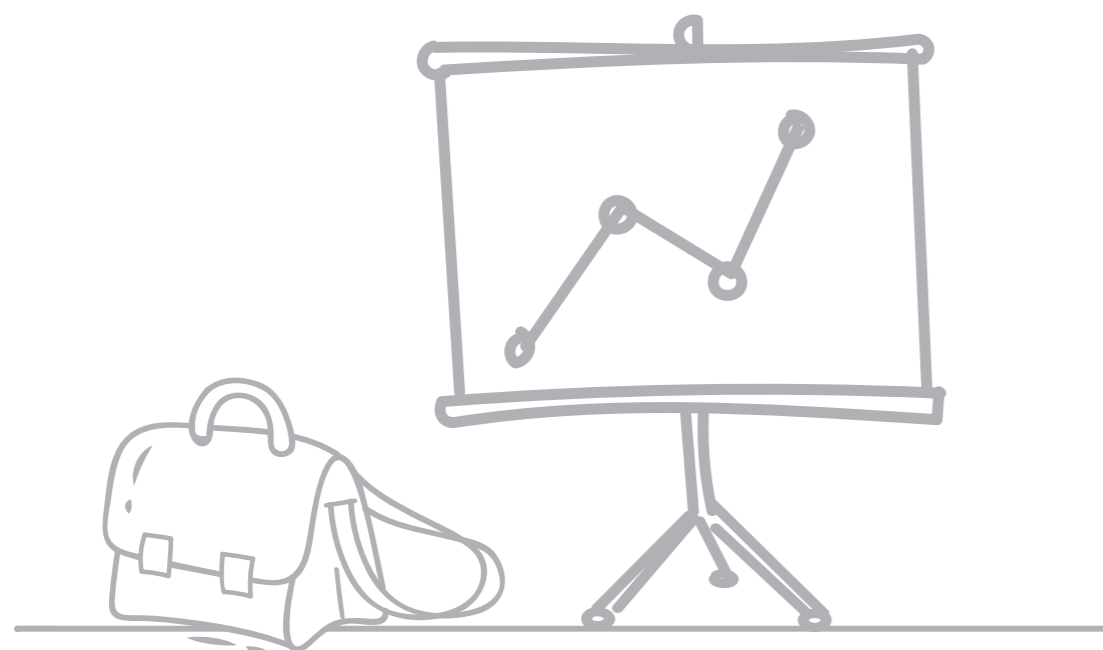
> The Bank is performing a series of ongoing and designated surveys in order to evaluate the customer experience in its dealings with the Bank and in the different channels, through telephone calls and by SMS. The surveys are directed at customers of the Bank, and in certain cases, for comparison purposes, also at customers of competitor

banks. The various surveys measure relevant indices (such as: courtesy, closure and more), as well as long-term customer experience indices (such as hypothetical market share and Net Promoter Score).

The surveys include also measurement of different indices breaking down customer experience into different components: the provider of service, the branch, the Bank in general, service channel, the product, the marketing offer.

Customer experience surveys performed by the Bank

Class	Survey	Population	Description
Ongoing surveys		All of the Bank's customers	Ongoing surveys to examine the customer's experience in its dealings with the Bank and over the various channels
Designated surveys	Customer interface experience	Customers of the five largest banks	A designated survey
	"Marketest" survey - customer experience	Business customers of all the banks	A designated survey



Dialogue with customers

> In order to maintain a continuous dialogue with customers and to understand their needs and wishes, Discount Bank operates several communication channels:

> **Official Facebook page of Discount Bank** – As of the end of 2022 the Bank's Facebook page had approx. 90,778 followers. The Bank's Facebook page serves as a platform for the ongoing distribution and publication of marketing activities in various segments and areas and also serves as a platform for chats with browsers and for customer service. Consequently, inquiries are received from browsers, both in open chats and in private messages, and these are fully attended to within a short period of time;

> **"Listening" mechanisms on the Bank's websites** – by using a designated button on the app and a designated "Contact us" button on the marketing website – a customer is able to opt to contact a banker on any topic where he wants to share with the Bank either his satisfaction or his dissatisfaction;

> **Customer Relations Unit** – in order to provide customers with a response on these communication channels, a designated unit was established in August 2022 in the Customer Management Wing of the Banking Division – the Customer Relations Unit, which is intended to provide a speedy, professional and comprehensive response to customers;

> **Instagram account** – The Bank operates on the Instagram social media channel, through which browsers are exposed to campaigns and current updates accompanied by inspiring photos and video clips. The Bank has approx. 15,050 followers on Instagram;

> **Social network at ICC** – ICC has a Facebook page with some 167 thousand followers. The Facebook page constitutes an additional

IN ORDER TO MAINTAIN A CONTINUOUS DIALOGUE WITH THE CUSTOMERS AND TO UNDERSTAND THEIR NEEDS AND WISHES, THE BANK OPERATES SEVERAL SOCIAL MEDIA COMMUNICATION CHANNELS. AS OF THE END OF 2022, THE BANK'S FACEBOOK PAGE HAD APPROX. 90,778 FOLLOWERS

service channel for conversing with the company's customers, providing a rapid response to different questions from the surfers, while supplying regular updates regarding the company's activity. The page also represents an information channel for the company's marketing activity and exposes ICC's card holders and the trading houses that clear with ICC to the company's benefits and special offers. The Diners Company, a fully owned subsidiary of ICC, also has a Facebook page, with some 40 thousand followers. ICC and Diners are also active on the Instagram social network site to which they upload campaigns and content to thousands of followers on their pages. In addition, ICC has a YouTube channel to which it uploads campaigns and instructional video clips of ICC and Diners. The channel has some 15,100 subscribers.



Improvement of customer experience

> The Bank acts on several levels with respect to improvement of customer experience:

- > **management in accordance with survey findings** – survey data with a low mark on the index recommending the Bank (NPS), are referred (subject to the consent of the customer) to the branch manager for further attention. The branch manager is responsible for referring back to the customer in order to try to understand the reasons for the dissatisfaction of the customer and, to the extent possible, to try to improve satisfaction by solving the problems raised by the customer;
- > **customer experience targets** – branches are allotted annual target of customer experience

indices within the framework of a designated competition. The extent of compliance with the annual target serves as a basis for remuneration at the branches. Furthermore, designated competitions are also held for bankers in the matter of customer experience;

- > **comparative analysis and implementation** – the surveys are analyzed for the identification of weaknesses in customer satisfaction with the Bank either absolutely or relatively in comparison to competitor banks. Also analyzed are trends of satisfaction among different populations in order to identify changes in the indices. The findings and insights are examined by the Customer Experience Subdivision in order to perform an in-depth examination and/or a change of policy, as required. The findings and insights are delivered also to the various business parties in charge of customer relations policy.

MARKETEST INDEX

FOR OVER A DECADE, THE MARKER MAGAZINE HAS PUBLISHED THE ANNUAL MARKETEST INDEX OF "CUSTOMER EXPERIENCE IN ISRAEL". THE MARKETEST INDEX EXAMINES EXPERIENCES AND POSITIONS OF CUSTOMERS OF THE LARGEST CORPORATIONS IN THE MARKET, OPERATING IN DIFFERENT SECTORS, SUCH AS: FINANCE, HOTELS, CELLULAR AND MORE. THE INDEX IS BASED ON THE PARALLEL INDEX IN THE UNITED STATES (ACSI).

IN 2022, DISCOUNT BANK WAS THE LEADER AMONG PRIVATE CUSTOMERS — IN RELATION TO SATISFACTION WITH THE EASE OF NAVIGATION ON THE WEBSITE OR THE APP.

AMONG BUSINESS CUSTOMERS, THE BANK LED IN RELATION TO THE SERVICE PARAMETERS: SATISFACTION WITH THE BANKER'S COURTESY, ITS PROFESSIONALISM AND ITS HANDLING OF THE CUSTOMER'S SPECIFIC NEEDS.

Customer inquiries

> The Bank attributes great importance to listening to its customers and to encouraging customers to inquire about any matter or problem. The natural and immediate address is the business official who services the customers, in a branch or in other business units.

In the Proper Conduct of Banking Business Directive No. 308A dealing with the handling of public complaints, the spheres of responsibility and powers of the Public Complaints Commissioner are defined, as well as rules for the proper handling of public complaints by a banking corporation. The function of the Public Complaints Commissioner is to coordinate the handling of complaints and inquiries made by customers on different banking issues, including mortgages, interest calculations, treatment and service.

The Commissioner deals with complaints and inquiries with the various units at the Bank, the Banking Supervision Department and various external parties; he draws up findings for the business functions, the branches, the collection functions and for the Legal Counsel Division; he provides assistance and guidance to Bank employees in formulating solutions to problems with customers; and he assists in the drawing of conclusions and in organizational learning.

The Public Complaints Commissioner has to report the data on complaints handling – every half year, to the Bank's Management and once a year to the Bank's Board of Directors (the Board's Audit Committee). Management and the Audit Committee of the Bank's Board of Directors hold a discussion on these reports adjacent to their receipt. Material deficiencies revealed as a result of attending to complaints and data regarding complaints received and dealt with have to be reported by the Commissioner to the Banking Supervision Department once every six months.



Management and the Audit Committee of the Board of Directors receive a report regarding the deficiencies, the material findings and the cross-organization deficiencies.

The Commissioner is required also to publish to the public once in each year, on the Bank's Internet website, a concise description of the Bank's policy in the matter of treatment of complaints, the process of treatment of a complaint and data regarding complaints received and dealt with.

The Bank is required to publish on the Internet website and in the Branches the service covenant adopted by the Bank. The service covenant has been available to the public on the Bank's website since March 2015, after having been approved by the Board of Directors.

In 2022, the Bank dealt with 4,550 inquiries, compared to 4,226 inquiries in 2021. For further details, see the appendices - Customers in the "Conclusion" Chapter below.

It is noted that since 2019, with the entry into effect of the Credit Data Act, 2016, the Bank has begun the handling of complaints also regarding this issue, in accordance with instructions and guidelines of the function in charge of sharing credit data. The handling of such complaints is not subject to the said Proper Conduct of Banking Business Directive No. 308A. The data relating to these complaints is not included in the data presented above.

Quality of service at the principal subsidiaries

MDB

MDB adapts itself to market conditions as an innovative and progressive bank and is constantly working to be up-to-date and relevant. Within this framework, the bank offers its customers direct banking services that enable them to receive information and to execute transactions anywhere and at any time. Concurrently, the bank is actively continuing to provide frontal services at its branches, to customers who feel that it is important to them to have a personal, human contact with the bank.

The starting point for the bank in providing the service is that the customers want to receive a service that is personal and excellent, readily available and fast, familiar and understanding, professional and fair.

The bank continues to maintain a personal connection with its customers and lets every customer choose the personal service suitable to him - direct contact with the branch at face-to-face meetings with the bankers or telephone conversations with the branches, in parallel of course, with the options of initiating contact with a call center and making contact via the various digital channels.

The service coverage is tailored to customers with a view of providing response to the changing needs between customers in the manner most suitable for them.

The above stated in relation to Discount Bank, regarding the improvements made to service, including evaluation of customer satisfaction, maintaining customer satisfaction and the integration of service values in the organizational culture, applies also to MDB.

The quality of service is measured by various indices, including the Net Promoter Score (NPS). The data are delivered regularly and comprise an infrastructure for the drawing

of conclusions. MDB conducts, on a regular basis, surveys via SMS for testing customers' satisfaction (following contact with the bank). The findings of such surveys (analysis and management), comprise an annual target for the customer satisfaction indices.

ICC

ICC bases its values on the quality of service and the customer experience and invests considerable resources in upgrading its customer communication channels. Along with maximum comfort and accessibility, ICC is active in the digital innovation fields, broadening its innovative service channels, while developing its digital assets on advanced technological platforms. In accordance with these values, daily briefings are held in ICC's Customer Service Department and participations in workshops on the topic of how to provide a high-quality, professional and fast service and knowledge tests are being held in order to test the professional level of the representatives while conducting designated instruction courses.

ICC stringently conducts daily satisfaction surveys among its customers (both private customers and trading houses), within the framework of which various parameters are examined that measure the customers' general satisfaction with the company, with the service and with the professionalism of the company's representative, and NPS measurement (Net Promoter Score; International recommender index). The scoring by the NPS is a part of the targets of the Key Performance Indicator (KPI) of the service department. Furthermore, the company analyses recurring and onetime events in order to improve the quality of service and customer satisfaction.

In order to test and evaluate private customer satisfaction, the company conducts a satisfaction survey upon conclusion of an approach to the service center, as well as a "club survey" sent to customers following the issuance of a credit card.

In order to evaluate satisfaction of trading houses, the company conducts a "Post

receiving service survey", which comprises the central tool for testing the quality of service at the business center. The survey tests on an ongoing basis the service experience of the customers soon after the approach to the center had been made.

Customer surveys comprise a central organizational tool in understanding customers' needs, and enable the identification of strengths alongside points requiring improvement in the interaction with customers of the company.

Measurement is being conducted through a special-purpose surveys system, which allows the measurement of each question in the surveys and provides an image of the situation per employee over a period of time, as well as according to the measured parameter.

In instances where the survey answers score below the expected result or contain some written comment that requires attention, an examination of the feedback is conducted and the team leader or a professional representative in the Service Department responds to the person who provided the feedback.

In August 2022, a transition was made to a new surveys system that included the following changes:

- > sending surveys by SMS instead of by mail, so as to increase the response rate to the surveys;
- > changing the scoring scale from 1-4 to 1-5;
- > increasing the number of surveys sent to customers.

IDB Bank

IDB Bank prides itself on the quality of care it provides towards its customers and its customer motto is "IDB Bank. It's personal."

To ensure this personal quality, IDB Bank has enacted a complaint policy ("the Policy") for customers and non-customers that provides a detailed document for prompt and courteous treatment, regarding any aspect of the bank's products or services. The Policy delivers a consistent and constructive approach to investigating and responding to customer complaints. Complaints could indicate a weakness in certain bank processes that, had it not been identified, could result in violations of laws, regulations, or bank policies.

By tracking and logging the complaint information, the bank can identify and correct any potential compliance issues as well as strengthen and enhance the bank's products, services, and any applicable employee training.

ICC - Average scores of customers satisfaction survey

On a scale of 1 to 4, with 4 denoting "excellent"



The scores in the table have been converted to the old 1-4 scale.

* The professionalism score was only measured on the old system and therefore the score reflects the surveys received through July 2022.

In 2022, the bank received a total of eleven complaints: two were complaints sent to regulators but not instantiated, one complaint was due to misunderstandings between the customer and bank, two complaints were due to system issues; two complaints were due to customer errors; one complaint related to bank employee human error; and three complaints were related to vendor error. All these complaints were satisfactorily addressed.

Preparations for improving service and reducing complaints at the principal subsidiaries in Israel

➤ At MDB, the ratio of complaints found to be justified in 2022 stood at 18.1% (of complaints, in respect of which position could be formed), compared to 18.0% in 2021. At ICC, the ratio of complaints found to be justified in 2022 stood at 20.0%, compared to 28.0% in 2021. For further details, see the appendices in the "Conclusion" Chapter below.



Fairness in products

Proper disclosure - information regarding products and services

➤ Banking corporations are required by law to abide by proper disclosure requirements in everything relating to the information which is provided to customers regarding the banking product or service, including pursuant to the Banking Law (Customer Service), 5741-1981, the Banking Rules (Customer Service) (Proper Disclosure and the Delivery of Documents), 5752-1992, and the Banking Rules (Customer Service) (Advertisements Directed at Minors), 5755-1995. The central principle of this legislation is the duty of proper disclosure (transparency) toward customers.

The Bank strictly adheres to the directives applying to it in this respect and maintains strict control procedures.

At the base of the above subject are found fairness and decency values comprising an integral part of the current business activity, interwoven with the day-to-day operations of the Bank and comprise a guideline for the operations of Bank employees. The above stated requires development and maintenance of an organizational culture, which positions the customers and the business fairness and reliability at the heart of the decision-making processes conducted both by the authorized organs of the Group, and by the three lines of defense, and in particular the risk taking units.

In view of the above, and as part of the overall risk management concept, and in particular, the compliance and regulation risks, the Bank acts in order to impart and integrate proper and fair business principles and values into the banking operations of the Group as a whole, including the formation and characterization of products being offered by the Bank to customers, in accordance with requirements that change from time to time, proper disclosure to customers with respect to the different products, including

the risk components inherent therein, and the adaptation of the solutions offered by the professional functions at the Bank to the needs of customers and changing market requirements.

Compliance with the provision of the law and regulation is enforced on a current basis by means of various control and supervision systems - the Chief Compliance Officer, compliance officers and trustees and the Internal Audit function.

The Chief Compliance Officer is actively involved, inter alia, in the preparations for regulatory updates and toward the introduction of new operations and products by the Bank. Moreover, the Chief Compliance Officer monitors the rectification of material

WHILE LAUNCHING NEW OPERATIONS/
PRODUCTS OF THE BANK, AS WELL AS
THE MARKETING AND ADVERTISING
OPERATIONS OF THE BANK, MESSAGES
DELIVERED TO BANK CUSTOMERS ARE
EXAMINED BY CONTROL FUNCTIONS
THAT VERIFY, INTER ALIA, THAT
THE MESSAGES DO NOT MISLEAD
CUSTOMERS AND ARE DELIVERED IN
A PROPER AND FAIR MANNER

deficiencies and failures in matters of compliance and submits - to the President & CEO, to the Bank's Management and to the Board of Directors, as well as to the CEOs of the subsidiaries where he also serves as the Compliance Officer - quarterly and/or annual reports on matters of compliance, which include a summary of his activity during the reported period.

In accordance with guidelines of the Banking Supervision Department, prior to the launch of new products/operations, the Bank performs an orderly and systematic process ensuring the identification and evaluation of all risks inherent in the new product/operation, while examining their effect on the risk profile and verifying the suitability of the infrastructure and controls supporting their operation. The said process has been established in a designated policy and in supporting work procedures applied by the Bank and the Group, mutatis mutandis.

Structured infrastructures exist at the Bank, which assist employees in providing service in accordance with Bank values, a service being of value also to customers. Thus, for instance, the systems of the Bank assist the fair and transparent conduct, while providing proper disclosure of all data and information relevant to the execution of a transaction; also existing is an administrative infrastructure which regulates proper criteria and manner of conduct; regulation supporting information sessions are conducted regarding the consumer credit field, which establish fairness and decency values; frontal guidance sessions are held on a variety of compliance matters with the assistance of distance learning and updates, which help in the absorption of different issues. The guidance sessions are designed for all Bank employees and managers, and some of these are designed to align with the special work environment concerning designated products and employee populations. The infrastructure is validated and updated from time to time in accordance with the regulatory environment and the business activity of the Bank. These also assist with the audit side of compliance enforcement of the provisions of the law and regulations and in deploying the compliance culture throughout the organization.

In addition, the Bank is a member of the "Israeli Marketing Association" and is bound by the principles of the Charter for Responsibility and Fairness in Advertising which constitutes a fundamental document in the engagement of advertisers-marketeers in Israel.

In order to promote fairness and proper disclosure at the Bank, the Bank acts on a number of levels:

Promoting transparency – The Bank acts, inter alia, for the establishment of the said values in the core documents and the basic documents of the Bank and conducts ongoing operations to integrate them in the field. Among other things, the Bank emphasizes transparency as well as adequate and proper disclosure provided to the Bank's customers, including the information and adaptation which have to be provided to customers with respect to banking products or services granted or offered to them.

Launching activities and advertising new products – An additional layer in which the values of fairness and decency are being reflected is the introduction process of new operations/products of the Bank, as well as the marketing and advertising operations of the Bank. Messages delivered to Bank customers (including potential customers) are examined by control functions that verify, inter alia, that the messages do not mislead customers and are delivered in a proper and fair manner.

Proper disclosure in publications – The Bank strictly applies several basic principles in the advertising and marketing of its products:

- **Truth in advertising** – Strict measures are taken in the publication of valid information, which is being properly examined prior to its release;
- **Social correctness** – The Bank publications are being edited in a respectable and adequate manner while strictly maintaining social correctness and avoiding impingement of populations, beliefs, etc;
- **Ethics** – The Bank is committed to the advertising ethical code adopted by advertisers and television channels and includes principles designed to protect values (such as human dignity), populations (such as children), etc. The said code is obligatory both as regards production of

marketing communication as well as the products themselves.

In 2022, no complaint with respect to a violation of the Code of Ethics regarding advertising was received.

In 2022, no significant fines and/or non-monetary sanctions were imposed on the Bank.

Nevertheless, sanctions, in immaterial amounts, were imposed on the Bank and on ICC, as follows:

- On December 28, 2021, the Supervisor of Banks notified ICC of his intention to impose on it a financial sanction of NIS 1 million for its alleged violation of Section 11(a) of Proper Conduct of Banking Business Directive No. 470, pursuant to which a card issuer shall not charge a customer for transactions conducted after termination of the charge card contract. The Supervisor of Banks informed ICC on May 8, 2022, of his decision to lower the monetary sanction to the amount of NIS 650 thousand.
- On February 6, 2023, the Bank was informed of the decision of the Supervisor of Banks to impose upon the Bank two monetary sanctions in a total amount of NIS 1.2 million, this under Section 14H(a)(1) of the Banking Ordinance, 1941, and according to the Banking Rules (Rates of maximum reduction of monetary sanction amounts), 5771-2011. The monetary sanctions had been imposed on the Bank for violation of the provisions of sections 25 and 26 of Proper Conduct of Banking Business Directive No. 450 in the matter of "Debt collection procedures", the subject matter of which was reports to the Debt Execution Office regarding amounts collected not by means of the Office, and respecting arrangement with customers regarding collections on account of the debt.

In addition, on February 6, 2020, ICC received a demand for information from the Competition Authority, under Section 46(b) of the Economic Competition Law, 5748-1988, with respect to trading houses receiving from ICC or from an

entity related to it, debit card clearing services. In continuation thereof and following the data that had been delivered, further demands were received, this within the framework of an investigation that was conducted by the Authority in the matter. ICC provided the required data.

On September 12, 2022, ICC informed the Competition Authority of its consent for the payment of NIS 10 million, to the State's Treasury, within the framework of an agreed Order, this according to Section 50B of the Law. Subject to the payment of the said amount, the Competition Commissioner would not take any enforcement actions against ICC or against anyone on its behalf, with respect to events that had taken place in the period from 2018 to 2020, in which, as alleged, beneficial commercial terms regarding clearing services for charge cards of the "Diners" brand, had been offered to customers who would purchase or would continue to purchase from ICC clearing services for charge cards of other brands.

It is clarified that there is nothing in the agreed Order or in ICC's signature thereon, that denotes a statement, admission or consent on the part of ICC, or on the part of anyone on its behalf, regarding violation of the Law, of decisions of the Commissioner, or of any other provision of the law in any way whatsoever.

On March 2, 2023, the Competition Authority submitted the agreed order to the Competition Tribunal for approval.

Services in different languages

➤ The Bank is working to provide different services in a variety of languages for the convenience of all its customers:

- The Hebrew, English and Russian, Arabic and French languages can be used on the marketing website;
- Hebrew is the language used on the operations website, though English may also be partly used;
- The business website in English has been upgraded and a variety of transactions can now be conducted thereon, such as: approval of signatures, transfers of different

- types, payment of bills, payment of salaries, signature of foreign trade transactions, etc.;
- Marketing pamphlets, which are placed in the branches for the customers' convenience, are written usually in Hebrew, and in certain cases, according to needs or demand, designated leaflets are also produced in other languages (English, Russian, French and Arabic);
- ATMs provide guidance in 4 languages: Hebrew, Arabic, Russian and English;
- The Information Desks interface operates in Hebrew, English, Arabic and Russian. It is possible to receive statements of account in Hebrew or English, where the language of the account is marked as English;
- At branches servicing a large number of foreign residents, such as the Ashdod D quarter, Rehavia and Eilat branches, service is provided also by English-speaking bankers and those who speak an additional foreign language, such as French or Russian, including a recording in English and in Hebrew of the welcoming opening at the telephone call center;
- It is possible to obtain Telebank services also in the Arabic language;
- The international private banking centers (at the Azrieli Towers, the Mappu Branch and in Nataniya) employ a number of teams composed of bankers, investment consultants and mortgage consultants speaking foreign languages (English, French, Russian, Turkish);
- The audio response on the TeleBank service is available in the following languages: Hebrew, Russian, Arabic, and English, and also at the Call Center service is provided in the said languages;
- At the line management points, the service is provided also in English and Russian. At the Nazareth and East Jerusalem branches, the service is provided also in Arabic.



Fairness in products at the principal subsidiaries

ICC and MDB

> The aforesaid in "Fairness in products" is applied also with respect to MDB and ICC, except for the signing on the advertising code of ethics, which MDB has not signed.

The Advertising Code of Ethics

> ICC is also a signatory of the advertising code of ethics, and no complaints were received in 2022 regarding violations thereof.

IDB Bank

> IDB Bank is committed to treating its customers fairly consistently and equitably in its lending and deposit banking practices. It is the bank's practice to comply with all applicable fair lending laws. These include Equal Credit Opportunity Act (Regulation B), Fair Housing Act, New York State Fair lending statute (NYS Executive Law regulation 296-a) Truth in Savings Act (Regulation DD), Truth In lending Act (Regulation Z) and Dodd-Frank Act Title X - UDAAP (Unfair, Deceptive or Abusive Acts and Practices). The Bank will not tolerate discrimination by any of its employees or agents against any client in any aspect of its business.

There have been no complaints received by IDB Bank for fair lending matters or any of the above-mentioned regulations.



Services in different languages at the principal subsidiaries in Israel

MDB

> MDB has extensive activity among the Arab population and the Ultra-Orthodox ("Haredi") population and, accordingly, the required adjustment is made to the bank's operations vis-à-vis the different segments of the population. The marketing approach in the Arab sector is generally made in Arabic (including video clips, leaflets, etc.). Furthermore, in the Arab sector branches, the response in the branches and the primary telephonic response (computerized), is in Arabic. Also, the approach to the Haredi sector is made considering the "language" in practice (without photographs that might offend public feelings and with a text that is appropriate to the Haredi sector).

ICC

> Service to customers at the ICC call center is provided in different languages: Hebrew, English, Arabic and Russian.

ICC makes adaptations to cater to the needs of the ultra-orthodox (Haredi) population and provides access to its services when connecting to the company's system through sending a voice message for a voice recognition one-time password (OTP), thereby enabling customers to easily and quickly execute transactions and receive information as well as when recovering a secret code using the voice response system. Adaption is also made to the "language" used by the Haredi community.

Customer privacy and information security

Customers' privacy

> The Bank attributes considerable importance to protecting the privacy of the data of customers, employees and suppliers of the Bank. It considers privacy to be a value of importance and significance, which is reflected in the Bank's business endeavors and in the service it provides its customers. The Bank invests resources and efforts in safeguarding the right to privacy, in accordance with the regulatory directives.

The Bank stringently adopts an array of actions and measures for safeguarding customers', employees' and suppliers' data in data bases, in order to protect them from impairment in durability and exposure to a change to the data. This activity is carried out in accordance with the Statutory and regulatory provisions.

The Bank's privacy policy is presented in the Bank's website and application, and details the way in which information is gathered, the approach and use of the information, passing of information to third parties and data protection.

Data protection at the Bank is managed by an extensive, professional layout that includes the privacy protection officer, who constitutes an independent party. The privacy protection officer is responsible for the management and integration of this field and constitute an advising factor to the Bank's Board of Directors and Management on aspects of the Bank's privacy protection and its effective management. In addition, a privacy protection trustee has been appointed for each division, which serves as the long arm of the privacy protection officer and as the control, supervision and enforcement function for the policy and procedures relating to privacy protection. Moreover, the Bank is active in this field in all the business lines on an ongoing basis and integrates privacy protection considerations also when developing new products.

The principles for the management of confidentiality and privacy of the customer are applied in accordance with the policy in the matter, and comprising part of the Bank's risk management. The policy defines guidelines for decision making processes and for conducting operations involving the gathering and use of personal data required for the management of the Bank's business. The policy regularizes the manner of privacy protection risk management at the Bank, which involves the gathering and use of personal data, and based on the fundamental position that embedding the privacy protection aspects in the operations of the Bank would help the Bank in managing its business in an optimal manner. The policy document is validated once a year and is brought before the Board of Directors for approval. The subsidiaries have adopted a similar policy, in line with their activities.

THE BANK PLACES HIGH IMPORTANCE ON SAFEGUARDING THE PRIVACY AND DATA SECURITY OF ITS CUSTOMERS, ITS EMPLOYEES AND ITS SUPPLIERS, AND INVESTS TECHNOLOGICAL RESOURCES IN ORDER TO SAFEGUARD THE PRIVACY AND DATA SECURITY AND IN ORDER TO IDENTIFY PROBLEMS AND TO AVOID THEIR RECURRENCE

Extracting information from the Bank's databases to an external supplier requires the approval of the manager of the relevant database, and to this end a suitable work procedure has been formulated. In accordance with the guidelines of the Privacy Protection Authority, if any concern is raised regarding a leak of personal data, the Bank informs the Privacy Protection Authority, as required by the regulations.

In 2022, the process of conducting a gaps survey in connection with privacy protection was commenced. The survey is being conducted in all the Bank's divisions in order to verify the implementation and fulfillment of the statutory and regulatory provisions relating to privacy protection.

The privacy protection officer and persons acting on her behalf provide guidance and training on the topic of privacy protection to relevant parties at the Bank, in order to familiarize them with the aspects of privacy protection relevant to their work environment and the risks that exist in this field. In addition, all the Bank's employees are required to undergo e-learning on the topic of privacy protection. Furthermore, with the aid of the Data Security and Cyber Protection Wing, ad hoc mailings aimed at clarifying the principles and enriching knowledge on this subject are sent to employees.

Principles of data collection, safeguarding and use

The collection of data and the use thereof is performed in the normal course of the Bank's business and according to the objectives of the database. In order to carry out the privacy protection risk management policy, the Bank acts according to guiding principles that include, inter alia: the Bank collects personal data and makes use thereof only after obtaining consent for the collection and usage actions that the Bank wishes to perform with this data; at the time of obtaining consent, the data subjects are given adequate information regarding the types of data being collected about them, the purpose for which it is being collected and the way the data is to be used; the Bank makes use of the personal data that has been collected and saved by it solely and exclusively for the purposes for which the data was provided and in accordance with the data use policy; the Bank keeps the personal information collected by it secret, as required by the regulations. The secrecy obligation constitutes a central part of the privacy protection laws and the Bank shows no tolerance for breaches of this kind; the

Bank is obliged to safeguard the personal data that is kept by it in a secure manner in accordance with the privacy protection laws and with the data security principles deployed by the Bank.

The Bank allows every data subject, whose personal data is kept by the Bank, to request to see this data, in accordance with the privacy protection laws. Under these laws, a person that has viewed the data collected about him and finds that the data is incorrect, incomplete, unclear or out of date is entitled to request the database owner to correct the data.

Furthermore, the transfer of personal data or allowing third parties access to personal data kept by the Bank may only be done in accordance with the consent given for this by the data subjects. When any engagement is entered into by the Bank in which personal data is transferred to third parties, for instance – to the Bank's service providers, the engagement agreement is to contain provisions regarding the safeguarding of privacy and data security, as well as an appendix of data security guidelines adjusted to match the engagement.

Furthermore, a privacy policy for candidates for work at the Bank has been published, which regularizes the central issues regarding privacy protection, including reference to consent for the gathering, use and transfer of information. The policy is available to the candidate on the website of the Bank, and he is required to approve it prior to providing his Curriculum Vitae (CV) and other particulars regarding him.

The field of privacy protection is being audited by the Internal Audit, as part of the audit performed with respect to information technology issues.

In the first half of 2022, the Internal Audit Division distributed a cross-organizational audit report dealing with privacy protection. The report reveals that comprehensive work is being undertaken at the Bank with regard to privacy protection and considerable efforts are being invested in attempts to manage the aspects of privacy that require cross-

organizational and professional attention.

Recommendations to improve the control processes and environment were made in several areas, including as follows:

- Expanding and elaborating the procedures regarding responsibility, authority and work interfaces in this field;
- Broadening surveys among the suppliers to whom data from the database are revealed;
- Redefining the responsibility for the management of the customers and accounts database and the responsibility for recording the databases' definition.

The audit recommendations were discussed in depth and are being dealt with on an ongoing basis, with this being controlled and tracked by the Internal Audit Division.

As a result of complaints from customers, investigations were conducted in 2022 regarding five instances where data were suspected of having been leaked from customers' accounts by Bank employees and three instances where data were viewed or unauthorized transactions were executed by employees on the accounts related to them or other employees. All the investigations were concluded without findings.

A cross-organizational investigation was also conducted with regard to the viewing of data and the execution of transactions on related accounts, by employees from their workstations, in the months January-August 2022. Following the investigation, the details of 59 employees, that had viewed the data and/or had conducted transactions on the accounts of their relatives without authorization, were sent for the attention of the Human Resources Units in the Banking Division and in the Corporate Division, with a recommendation that disciplinary measures be taken against the employees that had acted contrary to the procedures, in a manner commensurate with the scope of the instances and their recurrence since the previous report.

Concurrently, during 2022, an extensive communication activity on this topic was implemented, which included more than 40 lectures given to some 800 employees from different units of the Bank and various courses, bulletins distributed on "FaceBank" to all the employees, articles in the Morning magazine, etc.

At MDB, control over employee bank accounts is proper. No complaints were received in 2022 by Internal Audit in the matter of bank confidentiality.

In 2022, ICC received no complaints regarding privacy protection.

Three complaints were received at IDB Bank in 2022 of customers receiving incorrect statements. Two of the complaints were found to be a supplier error and the third was a human error of the bank. These errors were addressed and no further errors were noted.

Malfunction in the PayBox application

For details regarding the malfunction, see page 91 of the 2019 Corporate Responsibility Report.

On February 16, 2020, the Privacy Protection Authority announced, the starting of a regulatory administrative process under the Privacy Protection Act, for the examination of circumstances of the PayBox event. On October 1, 2020, the Authority sent the Bank a letter determining alleged breach of the Privacy Protection Act. The Bank submitted its response in writing on December 9, 2020 and has requested an additional oral hearing. The Authority has acceded to the Bank's request and the hearing was held on October 21, 2021. On April 16, 2023, the Authority notified the Bank that some of the Bank's arguments had been accepted at the hearing that had been held, but it had been ruled – in contrast to the Bank's position – that some of the Privacy Protection (Data Security) Regulations, 5777-2017 had been breached. On April 30, 2023, the Bank responded to the Authority stating

Customer privacy at ICC

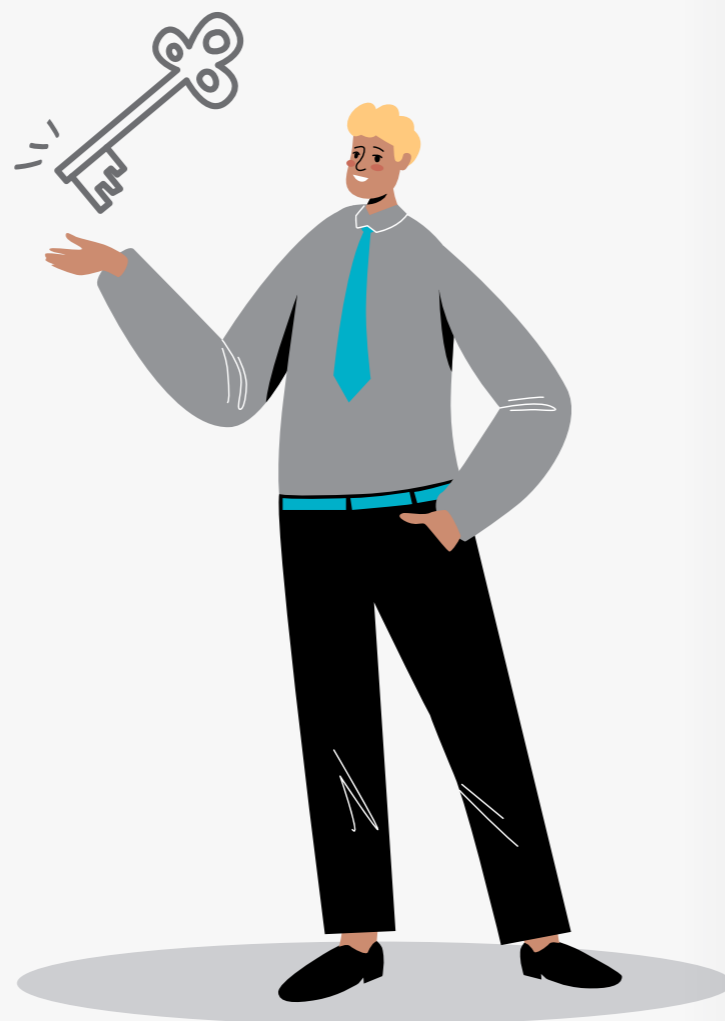
- Beyond the processes above mentioned, ICC is devoting considerable efforts to everything related to the protection of customer privacy:
- In 2017 an enforcement plan regarding privacy protection was formed, with the assistance of a Law Office specializing in this field;
- In 2019, the company performed an internal survey in the field of privacy protection. Following this survey, a reduction plan has been formed and the treatment of all findings arising from the survey has been completed;
- In the years 2019-2020 a comprehensive compliance survey regarding the issue of privacy was performed, accompanied by an accounting firm and a law office having expertise in this field, this within the framework of a Group compliance survey. The deficiencies identified within the framework of the survey have been treated.

As a general rule, activities involving questions arising from privacy protection legislation are closely escorted by the Legal Consulting Division of the company, which monitors developments in legislation regarding these aspects and examines the need to adapt the activities of the company in view of such developments.

During 2019, a privacy protection policy was drawn up and published on the company's website. Dedicated training sessions are held for the company's employees on the topic of privacy protection.

During 2021, ICC adopted a paper for privacy risk management and appointed the Compliance Officer as officer in charge of privacy protection.

Moreover, the risk of leakage of information is defined by the company as being high risk, including from the supply-chain side, and the controls regarding such risk are being constantly strengthened. The company has integrated a number of mechanisms for the detection and blocking of leakage of information from all channels for the outflow of information from the company, including mail, online interface, virtual vault, encryption of storage devices and the like. Concurrently, the company is deploying extensive controls over the supply-chain, aimed at reducing the risk of data leaking from this channel, and is using intelligence tools to identify and locate, as early as possible, sensitive data of ICC and/or its customers that might have been leaked.



that it believed the Authority's position and reasoning to be flawed and requested that the Authority's rulings be reconsidered. At the time of publishing the Bank's report for the first quarter of 2023 (May 16, 2023), the Authority had not yet responded to this request.

Legal proceedings regarding data protection

- On January 30, 2020, four lawsuits were filed with the Tel Aviv District Court against the Bank together with motions for their approval as class action suits. The lawsuits refer to a failure in the installation of a server on the PayBox payment application, a failure, which, as argued by the Appellants, caused them damages.

The amounts of the claims for all members of the class amount in the four motions to NIS 850 million, NIS 500 million, NIS 25 million and NIS 2.5 million, respectively.

The four Appellants informed on June 7, 2021, that they had reached agreement on the application for approval of submitting a consolidated claim. A decision dated June 20, 2021, set dates for submission of argument briefs for the consolidated claim motion. Hearing of the case was set for January 24, 2022. A consolidated claim was filed on August 23, 2021, in one case, and on August 29, 2021, the three motions in the other cases were struck off.

In the period from October 2021 to January 2022, the parties filed their argument briefs on the motion for attaching evidence on behalf of the Appellants. On February 22, 2022, the Court upheld the motion and instructed the attachment of the evidence.

On April 3, 2022, the Bank filed its response to the motion for approval. On October 19, 2022, the Appellants submitted their response to the response of the Bank. A pretrial hearing was held on January 19, 2023. The Court instructed the parties to submit until March 30, 2023, an updating notice regarding the continuation of the

proceedings and negotiation attempts between them.

For details regarding a motion for approval of an action as a class action in a similar matter, filed against ICC and additional factors, see below.

- On December 8, 2020, a claim and a petition for approval of the claim as a class action were filed against Isracard Ltd., Europay (Eurocard) Israel Ltd., Premium Express Ltd., ICC, and Diners Club Israel Ltd. In short, the subject of the claim is the allegation that the company makes unacceptable and prohibited use of the databases in its possession (both by virtue of it being a credit card's issuer also by virtue of its acting as a clearer), without obtaining the informed consent of its customers. As part of this, it is alleged that the company discloses customers' personal information to third parties; conducts customer profiling for advertising purposes to third parties; conducts advertising "targeting" on the basis of the aforementioned profiling for the purposes of third parties' sales promotion; conducts tracking of its customers; makes use of customers' data in the sale of statistical data. The claim seeks mandatory injunctions, restrictive injunctions and a monetary remedy in an estimated aggregate amount of approx. NIS 150 million. The case is currently in mediation proceedings.

- On April 13, 2021, ICC received notice of a motion for approval of a class action. The motion had been filed against fifteen financial bodies, including banks, credit card companies, insurance companies and investment houses.

The subject of the action is the argument made by the Claimants that the Respondents provided third parties, including Google and its advertising services in particular, private, personal and confidential data on their customers using the Respondents' digital services, or who had done so during the seven years

prior to the date of filing the action, without obtaining the said customers' consent, thus violating their rights to privacy in contravention of obligations imposed on the Respondents under the law.

The damage caused to the group, which the Claimants wish to represent, is estimated by the Claimants at amounts reaching millions of NIS. The Claimants state the amount of the personal damage for each Claimant at NIS 1,000 for non-monetary damage, and NIS 1,000 for the monetary damage.

On June 20, 2022, ICC filed its response to the motion for approval. A pretrial was conducted on November 6, 2022. With the recommendation of the Court, the parties have started mediation proceedings.

For details regarding a motion for approval of an action as a class action in a similar matter, filed against the Bank and additional banks, see above.

Data protection and cyber defense

The topic of data protection and cyber defense at the Bank is regulated and directed in accordance with various regulatory provisions, including the Privacy Protection Law and the regulations promulgated thereunder, the Computers Law, Proper Conduct of Banking Business Directives, and particularly Directive no. 357 "Information Technology Management" and Directive no. 361 "Cyber Defense Management", on the basis of which a cyber-defense and data protection strategy and policy have been drawn up, as approved by the Bank's management and Board of Directors, as well as Proper Conduct of Banking Business Directive No.362 in the matter of Cloud Computing in its updated version from 2022, Proper Conduct of Banking Business Directive no. 366 "Reporting of Technological Failures and Cyber Incidents" and Proper Conduct of Banking Business Directive No. 363 in the matter of Supply Chain Cyber Risk Management. In addition, the cyber and data protection layouts at the Bank are

challenged by Risk Management Division and audited by the Internal Audit.

In 2022, for the first time, the Bank was certified for the data security and cyber standards ISO27001 and ISO27032. Within the framework of adopting these standards, the Bank's Technologies Division, which provides IT, monitoring and infrastructure control services, development services for the core systems and for digital services and for data security and cyber defense solutions, received certification.

IN 2022, NO SINGLE OR MULTIPLE CYBER INCIDENTS TOOK PLACE THAT HAD A MATERIAL EFFECT ON THE PRODUCTS OR SERVICES OF THE BANK OR THE GROUP, ON THEIR RELATIONSHIP WITH CUSTOMERS OR ON THE COMPETITION CONDITIONS

The Data Security and Cyber Defense Manager is in charge of this field and he reports directly to the Head of the Technologies Division. He is responsible for policymaking in this field and for its implementation at the Bank and at the subsidiaries in the Discount Group.

The strategy and policy for managing data security and cyber defense are approved by the Bank's Management and Board of Directors, once a year. In addition, the Board of Directors receive current and periodic reports regarding data security and cyber incidents. The strategy and policy are available to all the employees involved with the internal systems and they apply to the entire Discount Group. A few of the subsidiaries, by virtue of their activity, set their own policy – which is based on the Group's strategy and policy – and in doing so receive professional accompaniment from the Group Data Security and Cyber Defense Manager.

In 2022, there was no occurrence of one or more cyber incidents that materially affected

the products or services offered by the Bank or by the Group, their relations with customers or the competitive conditions.

The year 2022 was characterized by a steep rise in the number of instances of digital fraud among the Bank's customers and supreme efforts were made to reduce the risk and to prevent the theft of funds, with emphasis on émigrés from the former Soviet Union who constituted one of the main targets for such attacks. Considerable resources were also invested in developing technological systems for cyber defense, accompaniment and professional guidance for the architecture writing processes, systems definition and gaps mapping, including challenging the new networks at the Discount Campus in preparation for the Discount Group's move to its new home.

Protection of the Bank's websites

The work plan of the Data protection and cyber defense wing is implemented according to the strategic plan, as approved by the Bank's Management and Board of Directors. In accordance with this, technologies are integrated into the Bank's systems for preventing unauthorized access, systems monitoring, examining and identifying deviation from authorized activities (anomalies) in the Bank's network and the direct channels.

The Bank operates a security operations center (SOC) that operates continuously throughout the year (24 hours round the clock, 365 days a year), the objective of which is monitoring and control, receiving alerts to detect risks, breaches, exposures and vulnerabilities in the data protection system, and which is responsible, among other things, for the identification and warning of any activity intended to damage the Bank's systems, the Bank's websites or its customers.

The Bank's operations sites, which provide direct service to customers over the Internet and mobile network, are protected by several layers of defense, which include protection components for hardware/communications and services providing information regarding

attacks and hostile addresses. Infrastructure systems are monitored and reported to the SOC systems, and projects undergoing development and maintenance are accompanied closely by professional data security and cyber facilitators.

Except for the protection of the computer system, the defensive actions are intended to provide a response to the important business processes of the Bank. In this way, a defense layer focused on a comprehensive business viewpoint risk would be strengthened.

As part of risk management, the Bank investigates various incidents, gains insights and draws conclusions. Such insights, together with data and cyber protection surveys, enable the Bank to map gaps that should be rectified and determine priorities in the treatment thereof, which are integrated into the work plan. Furthermore, within the framework of the internal audit, an audit department operates in the IT field, performing ongoing audits of such subjects.

In accordance with the risk outline and with Proper Conduct of Banking Business Directive Nos. 357 and 361, risk surveys and penetration tests are performed at required frequencies, with the help of independent external consultants, according to the requirements of the regulation and the decisions of the Management, following which, mitigation measures are implemented and the required reports submitted.

Access to information and the levels of authorization are controlled by designated teams and systems, and the administration processes and management tools undergo significant improvement and reorganization.

The Bank has established its operations and processes in procedures, and the Data protection and cyber defense wing at the Bank is involved in the approval of all the Bank's procedures, in order to ensure the early identification of operations causing data protection risks and cyber defense.

The Bank takes ongoing action to raise awareness and to improve the organizational culture from the aspect of data protection and cyber defense, which among other things includes tutorials, training, publication of policy documents, and holding a social engineering awareness week for the Bank's employees, etc.

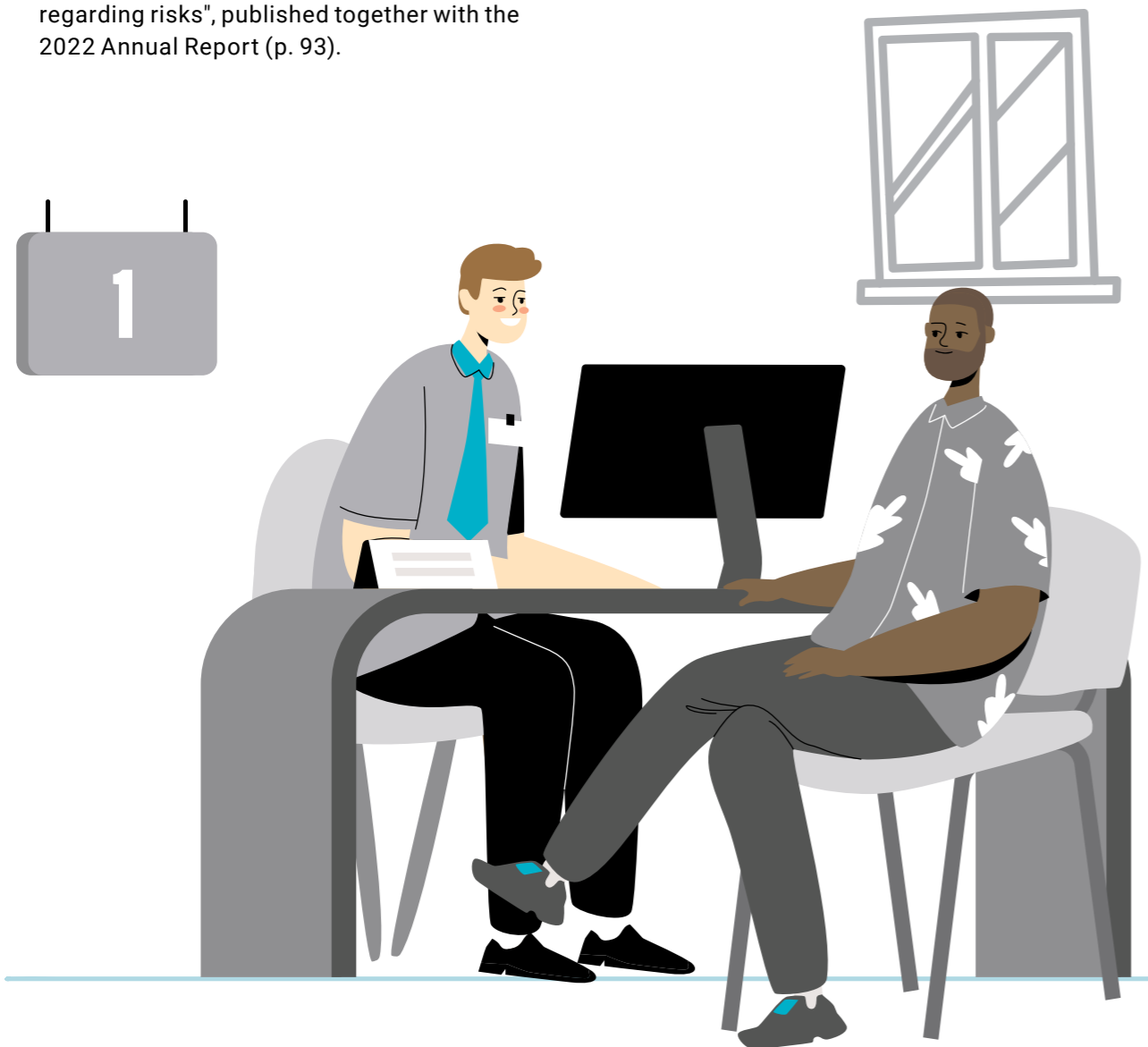
in addition, the Bank has a business continuity plan in the event of the materialization of a cyber incident or for times of crisis. Within the framework of this plan, emergency exercises are held to check its resilience and the various response arrays.

Mitigating the exposure to cyber risk through purchasing Group cyber insurance – See the document, "Disclosure according to the third pillar of Basel and additional information regarding risks", published together with the 2022 Annual Report (p. 93).

Aspects of physical safety, to the extent that they might be connected to data protection, are managed and implemented by the Bank's security officer, in conjunction with the data protection and cyber defense manager.

For further details, see the document, "Disclosure according to the third pillar of Basel and additional information regarding risks", published together with the 2022 Annual Report (pp. 90-93).

The abovementioned processes are applied, mutatis mutandis, also with respect to MDB.



Goals

> Goals presented in the previous Report

Discount Bank	✓ Achieved	Conducting a stage of the periodic survey in accordance with the Service Accessibility Regulations.
	✓ Achieved	Starting from 2022 – incorporating the recommendation index in the exceptional branch index.
	✓ Achieved	Improving the Net Promoter Score (NPS).
	Not achieved	Reducing the scope of public approaches and justified complaints.
ICC	✓ Achieved	Response to customers by correspondence within one hour.
	✓ Achieved	Tutorial for new employees (excluding service and sales representatives) – upon acceptance by the organization as a new employee.
	✓ Achieved	Tutorial for new employees (service, sales and collection representatives) – an experiential accessibility workshop for employees as part of a training course.
	✓ Achieved	Guide/Tutorial for service representatives – once every 6 months.
Discount Bank	✓ Achieved	Communicating to all employees of the company - video clip/communication once a year.
	✓ Achieved	Communicating to all employees of the company - video clip/communication once a year.

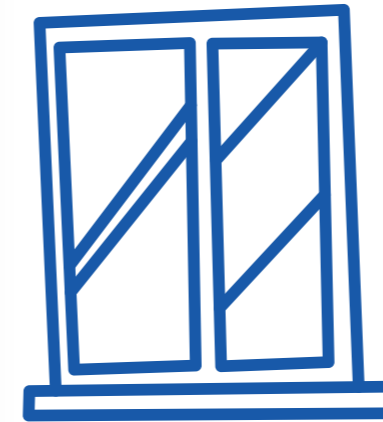
> Future goals

Discount Bank	Holding training sessions on aspects of due diligence – legal framework and practical guidance.	
	Expanding the activity and bringing knowledge to youth, young men and women, students and families and making the knowledge accessible for safe surfing and digital use by the elderly.	
	Investing in strengthening the defense circles and dealing with the gaps in accordance with the attributed threat.	
	Investing in the development and retention of human capital (cyber exercise plans, a designated training program for each knowledge center, broad knowledge-sharing within the wing, etc.).	
	Cooperating and sharing knowledge with comparable financial bodies	
	Methodical working with national bodies (the Bank of Israel, the Palestinian National Council (PNC), the Israel Police, etc.).	
	Expanding collaborations with technological companies, with emphasis on startup companies working to integrate advanced technological solutions for the protection of the Bank and the Group.	
	Taking ongoing measures to improve the organizational culture in the field of data security and cyber defense, which includes, inter alia, e-learning, training sessions, announcements to the Bank's employees and customers, distributing policy documents, holding a social engineering awareness week for the Bank's employees, etc.	
	The Bank has a business continuity plan in the event of the materialization of a cyber incident or for times of crisis. Within the framework of this plan, periodic emergency exercises are held to check the quality of the response.	
	Upgrading of the website in English.	
ICC	Tutorial for new employees (excluding service and sales representatives) – upon acceptance by the organization as a new employee.	
	Tutorial for new employees (service, sales and collection representatives) – an experiential accessibility workshop for employees as part of a training course.	
	Guide/Tutorial for service representatives – once every 6 months.	
	Communicating to all employees of the company - video clip/communication once a year.	



05 THE EMPLOYEES

- Nurturing of human capital policy 108
- Employee hiring 109
- Labor Relations 110
- Discount’s employees 114
- Diversity and equal opportunity 120
- Maintaining the rights of employees 128
- Investing more in employees 136
- Goals 153



The Bank adopted a policy of directed management of personnel, based on the understanding that human capital is a central factor in the Bank’s progress and success. Therefore, the Bank works to develop the human resource from a long-term perspective, by means of and laying a foundation for outstanding, forerunning leadership, as a basis for the organization’s empowerment and growth



9,125
EMPLOYEES AT DISCOUNT GROUP

5,088
EMPLOYEES AT DISCOUNT BANK

44.1
AVERAGE AGE OF
DISCOUNT BANK’S EMPLOYEES

13.4
YEARS - AVERAGE SENIORITY
AT DISCOUNT BANK

55%
OF DISCOUNT BANK’S EMPLOYEES
HAVE ACADEMIC EDUCATION

55.2%
WOMEN IN MANAGEMENT POSITIONS
IN THE EXTENDED MANAGEMENT FORUM

THE EMPLOYEES



It is important to us to take pride in our workplace and we therefore encourage a challenging, supportive and pleasant work environment. We believe in the people that we work with and invest in making them stronger. ("the Discount Spirit")

Nurturing of human capital policy

➤ Discount Bank adopted a policy of directed management of personnel, based on the understanding that human capital is a central factor in the Bank's progress and success. Therefore, the Bank works to develop the human resource from a long-term perspective, by means of and laying a foundation for outstanding, forerunning leadership, as a basis for the organization's empowerment and growth. Concurrently, the Bank places emphasis on promoting the realization of the professional and personal aspirations of its employees, by providing them with a range of career-development opportunities, while focusing especially on developments in the labor market of the banking world - at present and in the future.

The Bank operates many systems that support the development and nurturing of the human resource, including sophisticated evaluation and feedback mechanisms. The management training and development systems assisting employees, inter alia, in coping with the professional and managerial challenges they face. Discount Bank also attaches considerable importance to the welfare of its employees and takes measures to promote this, through varied enrichment opportunities during free time and through providing social and economic support in times of crisis for its employees and the members of their families. The Bank also participates in financing welfare activities for the employees.

The Bank encourages diversification and equal employment opportunities for underrepresented populations and their integration in suitable positions, while maintaining a fair and respected work environment.

The Bank insists on protecting the dignity of employees, of proper labor relations and on protecting employee rights, in accordance with the law and labor agreements. The Human Resources Division is responsible, through the Division's staff and through the Human Resources Units distributed throughout the Bank's various divisions, for dealing with employees, which guides the employee from

his hiring until termination, including from the aspects of: salary, welfare, occupational development, guidance and professional training, promotion etc.

Main developments during 2022

Employee experience review. In the first quarter of 2021, an employee experience survey was launched for the first time in the Bank. During that year, the survey findings were analyzed at the level of the Bank, the divisions and the managers, focus areas for improvement were selected and work plans were built that were implemented also during 2022, such as round tables, meetings of Management members with managers and employees, building managerial forums and more. In September 2022, another survey was conducted that included all Bank employees. About 89% of the employees participated in the survey (without outsourcing), similar to the first survey. The survey found that there are areas in which there is an increase in the perception of the connection of employees (such as "my manager") and areas where further deepening and work is required. During the fourth quarter of 2022, the findings were analyzed, and ideas and solutions were put forward for the continued implementation of improvement and change processes.

A new leadership model. In 2022, further integration took place of the leadership model, which defines the set of behaviors expected from managers. The integration focused on three levels: integration in processes, training and tools, and integration by managers. The model was integrated in organizational processes, such as: employee evaluation process, employee experience survey, different management courses and more. Analysis of the data collected by these processes enables the Bank to focus on areas requiring improvement.

Mentoring program. In 2022, the Bank operated, for the first time, a mentoring program. Within the framework of this program, 11 managers have been trained in intra-organizational mentoring processes. The

managers have been given comprehensive mentoring tools and training and have undergone an extensive practicum with Bank employees. In light of the program's success and the high satisfaction of both the new "mentors" and the "mentees", a further round of the program will be held in 2023 and the group of new mentors will naturally continue to play a part in the Bank's core processes.

Providing supporting tools to the Bank's units. Providing supporting tools as regards locating, placement and supplementing knowhow, as a supplemental move of the move for the reduction in the labor force, with the aim of enabling the Bank's units to adjust to the reduction in the labor force, while making optimal use of employee mobility among the different units.

Employee hiring

➤ Each year Discount Bank hires continuously hundreds of new employees for a variety of positions. The locating of candidates is conducted through a wide variety of hiring means (social networks, the Bank's Internet website, manpower companies, "a friend brings a friend" campaign, employment fairs, etc.) - which allow a variety of candidates to expose themselves to the positions being offered by the Bank and to submit their candidacy. In the process of hiring and placement of new employees, emphasis is placed on compatibility between the needs of the candidate, his wishes and values, and those of the Bank.

The placement of employees at the Bank is made solely on a professional basis, while considering the candidate's skills and his suitability for the position, and without involving irrelevant considerations such as the race, gender, religion, nationality, age or disability of candidates.

The Bank views the transfer of employees between positions as an opportunity for professional development and enrichment of its employees, and encourages such transfers. The Bank publishes on the employees' website, notice of vacant positions inviting employees to submit their candidature.

Nurturing the human capital at the principal subsidiaries in Israel

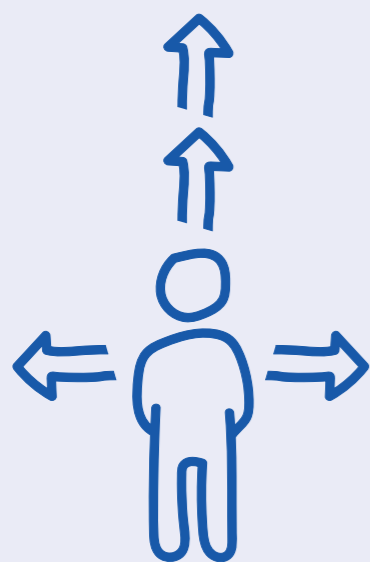
MDB

➤ As is the case for Discount Bank, MDB promotes a people-orientated management policy and works to cultivate and develop a human resource that is in congruence with the strategy; clear emphasis is placed by the Bank and the employee's opinion with the aid of numerous management systems, and through aspects of the business continuity and risk management.

ICC

➤ Management of ICC views the human capital as a strategic key in achieving the success of the organization, and accordingly, invest in employee training and development, in their personal and professional progress, in compensating them for qualitative performance, their welfare, their attachment to the business core aims, and in an open dialogue with them with the aim of creating frankness and fairness.

As part of the above, ICC operates on a number of central levels, including maintaining proper labor relations, development, training and the mobilization of employees, the creation of a leading and strong leadership, diversity and equal opportunities and investment in diverse activities for the welfare of employees and their families.



In 2022, 35% of the managerial positions were manned by Bank employees. 33% of the professional positions (which do not comprise of teller positions, service teams or telephonic banking, which are not intended for employment in an outsourcing format and which are not managerial positions) were also manned by Bank employees (74% of managerial positions and 34% of the professional positions in 2021). During that year, ICC manned 71% of the managerial positions (compared with 62% in 2021) and 59% of positions in general (compared with 49% in 2021) by company employees. During the same year, MDB manned 97.5% of the managerial positions by bank employees (97.7% in 2021). 95.1% of the professional positions (which do not comprise of teller positions and which are not managerial positions) were also manned by bank employees (95.7% in 2021).

The Bank employs a small number of teenagers, according to age and conditions permitted by legislation, during their summer vacation, within the framework of projects to the benefit of the community (see in Chapter Discount for the community, "Employment of visually impaired teenagers"). Apart from these cases, the Bank does not employ children and teenagers in any way or form, either directly or through manpower agencies.

ICC and MDB do not employ employees under 18 years of age.

Labor relations

➤ Labor Relations at the Bank are based on the Labor Charter, collective labor agreements and the different employment arrangements that are formulated mainly in discussions between the Bank's Management and the employees' representative committee. The year 2022 was marked by good and respectful labor relations that are based on attentiveness and cooperation, while maintaining industrial peace.

Rights of association – The Bank's employees with "tenured" status are unionized within the framework of the General Federation of Labor and Discount Bank's Employees Representative

Committee, and they are entitled to elect their representatives and to be so elected. The "tenured" status employees constitute approx. 60.1% of all the Bank's employees, who are not employed by external parties.

In addition, it is prescribed in a collective agreement signed on December 23, 2021, that, at the end of the temporary period (that was shortened in the agreement to two years for TeleBank employees and to one year for all other employees) and as long as the employee's employment has not been terminated, all the temporary employees would be converted to a new status which will be called "stable" with no time limit to the period of employment (up to 2,000 employees a period of ten years). The stable employees will be unionized also by way of the Employees Representative Committee and the General Federation of Labor, though the Labor Charter and the agreements signed under it, which apply to employees with "tenured" status, would not apply to them.

A majority of employees whose employment is regulated by collective labor agreements.

As of December 31, 2022, the Bank engaged 4,941 employees (excluding workers on maternity leave and on unpaid leave). This figure includes all of the Bank's employees, as well as workers providing services to the Bank by way of different outside factors. Of the above, 4,335 are "tenured" employees having the status of "stable" and status of "temporary", whose employment is regulated by collective agreements, constituting approx. 88.1% of total employees. After deducting the number of workers employed by the external entities, the number of employees stands at 4,582 and the ratio of employees whose employment is regulated by collective agreements reaches approx. 95.0%.

Bank participation in the budget of the Employees' Representative Committee.

The Bank contributes monthly to the budget of the Employees' Representative Committee, in an amount of almost triple the monthly amount contributed by the employees. Five of the 21 Committee members are central officers of the Committee engaged on a fulltime basis

and receiving a full salary. Employees of the Bank's fulfill different duties within the framework of the activities of the Committee in aid of the welfare of employees, and the Bank even covers in full the costs of office premises provided for use by the Committee. The Bank participates also in financing the operations of the Retirees' Committee in aid of the retirees of the Bank population all over the country.

Organizational changes. Item 4 of the collective agreement dated April 2, 2000, in the matter of the definition of the Bank's units, stated that the Bank's Management shall forward its proposals regarding the definition of units and management duties, and a joint discussion will be held during 15 days from date of forwarding the proposals to the managers' representative committee. At the conclusion of the discussions, if the parties have not reached an agreement, the matter will be forwarded to the Bank's President & CEO, whose decision will be final. The period was shortened from 15 days to 7 days by the collective agreement dated November 30, 2016.

Signing of collective labor agreements. On December 23, 2021, special collective labor agreements in the matter of extension of validity of the Labor Charter and industrial peace for five years were signed by the Bank, the Employees Representative Committee and the New General Federation of Labor – MAOF Federation. In addition, special collective labor agreements were signed in the matters of salary and awards for three years, regarding the transfer to the Discount Campus of the Bank's Head Office and additional units, and in the matter of redemption of the Jubilee Award, Jubilee vacation and Jubilee vacation pay (hereinafter: "the agreements").

➤ Extension of validity of the Labor Charter.

The validity of the Labor Charter has been extended to December 31, 2026, subject to changes, the principal of which is the conversion of employees from a "temporary" status to a "stable" status. Employment by the Bank of a "stable" status employee shall be indeterminable

in time, but may be terminated by the Bank in accordance with the law. "Stable" status employees would be unionized, but the Labor Charter and all collective labor agreements and arrangements, except for certain collective agreements, shall not apply to them. The number of "stable" employees shall not exceed 2,000 at any given moment in the period of ten years from date of signing the agreements. The Bank is obligated to convert 300 employees to the "tenured employee" status until the end of the said period. Furthermore, additional changes to the Labor Charter had been agreed upon, including the employment of Wing Managers under personal contracts and improved mechanism for the mobility of employees.

➤ **Transfer to the Discount Campus.** Arrangements have been made for the transfer of employees of the Bank's Head Office and of additional relevant units to the Discount Campus.

➤ **Remote work arrangements.** Arrangements have been made for remote work for one day per week.

➤ **Salary and awards for the years 2022-2024:**

Wage increases – the Bank will pay employees a differential wage increase in shekels, as follows:

➤ Clerk grade employees will receive, as from the July 2023 salary, an average monthly wage increase of NIS 1,350, gross per employee, in respect of the years 2022-2024.

➤ Managerial grade employees will receive a wage increase of an average rate of 3% per employee, not exceeding a total cost of NIS 10 million per year for all employees, in respect of each of the years 2022-2024.

➤ "Stable" status employees will receive a wage increase of an average rate of 2.66% per employee, in respect of each of the years

2022-2024, and of a cumulative total rate not exceeding 8% for the whole period.

A return based annual bonus – the Bank will pay employees in respect of each of the years 2022-2024, an annual bonus based on the annual ROE. The bonus grades are commensurate with the improvement in performance of the Bank in a way that, compared with the previous wage agreement, a higher return is required at each of the bonus grades. Thus, for instance, at a return of 10%, one monthly salary less would be paid as compared to the previous wage agreement and in order to reach the maximum bonus a return of 14% and over is required.

Nonrecurring awards

Consent award regarding the transfer to the Campus

Employees who had been employed by the Bank at date of signature of the agreement, will receive in the course of 2022 a nonrecurring award in respect of the consent to the transfer to the Discount Campus and the changes involved in such transfer. The provision in respect of the consent award amounted to approx. NIS 93 million (pre-tax effect).

Awards in respect of changes agreed upon in the Labor Charter

➤ in respect of changes agreed upon by the parties in the agreement for extension of the validity of the Labor Charter, clerk grade employees of the "tenured" employee status, who had been employed by the Bank at date of signature of the agreement, will receive a nonrecurring award.

➤ Managerial grade employees will receive a nonrecurring award based on the ROE, to be paid subject to an annual return ratio of 10% in the year preceding the year of payment and at a total cost not exceeding NIS 8 million per year for all employees of this grade, in each of the years 2022-2024.

The provision in respect of the award regarding changes in the Labor Charter amounted to approx. NIS 101 million (including a return

based award for the year 2022 to employees of managerial grade).

Award to branch employees – in the course of 2022, Bank branch employees will receive an additional nonrecurring award at a cost of NIS 10 million (pre-tax effect).

The starting wages

➤ The Bank insists on the payment of decent wages to its employees, even in excess of the minimum wage stated by law (which in December 2022 amounted to NIS 29.12 per hour and NIS 5,300 per month). Accordingly, the starting wage for most of the new employees beginning work as temporary employees amounted to approx. NIS 36 per hour, in December 2022. The starting wage of most employees earning a monthly wage in a temporary status amounted to approx. NIS 7,126 per month, in December 2022.

Wage differences between female and male employees

➤ The Bank does not discriminate between women and men with regard to pay and acts in compliance with the Directives of the Equal Pay to Male and Female Workers Act, including the amendments thereto recently introduced.

The Bank, like many other employers in Israel, publishes a report pursuant to the provisions of Amendment 6 of the Equal Pay for Male and Female Workers Act, the aim of which is to increase transparency in all matters pertaining to the pay gaps between men and women in the workplace. The amendment to the Act requires the employers to divide their workforce into equal pay reference categories, according to types of employees or types of position or types of grade, and to make a comparison between the payroll data for the men and women in each category.

Wage differentials between man and woman employees – Discount Bank

in the years 2020-2022*

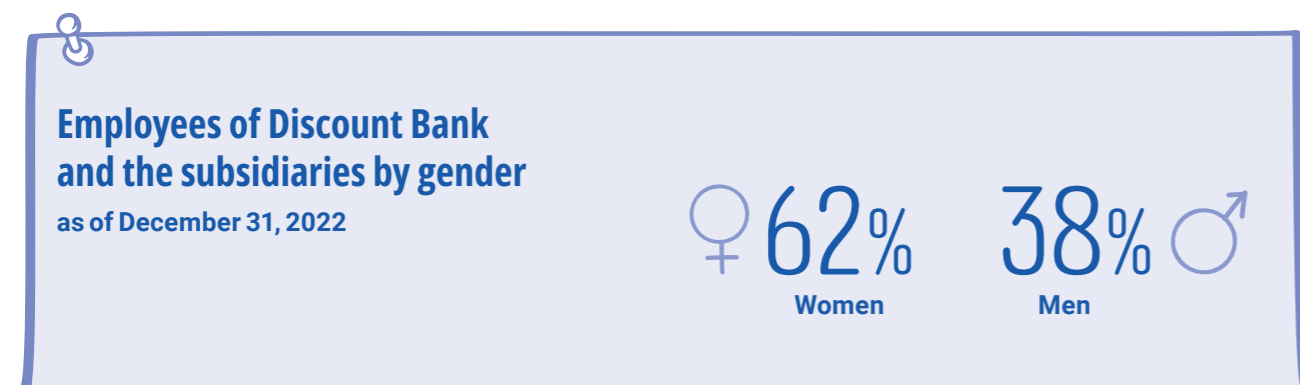
Grade	2022	2021	2020
Members of Management (excluding the President & CEO)	6.8%	1.2%	3.7%
Senior managers (level of group manager and above)**	10.1%	13.7%	11.6%
Other managers**	7.4%	3.7%	4.7%
All managers**	9.8%	6.7%	6.5%
Employees not ranked as managers	23.5%	18.5%	4.2%
All Bank employees**	28.4%	26.5%	6.0%
Median	8.8%	8.7%	

* The data for the years 2021-2022 is computed on the basis of wage data as reported in accordance with the reporting requirements of the Equal Wage Law (annual wage including awards). The data for 2020 is computed on the basis of the December 2020 wage data and the current wage (excluding awards and nonrecurring payments).

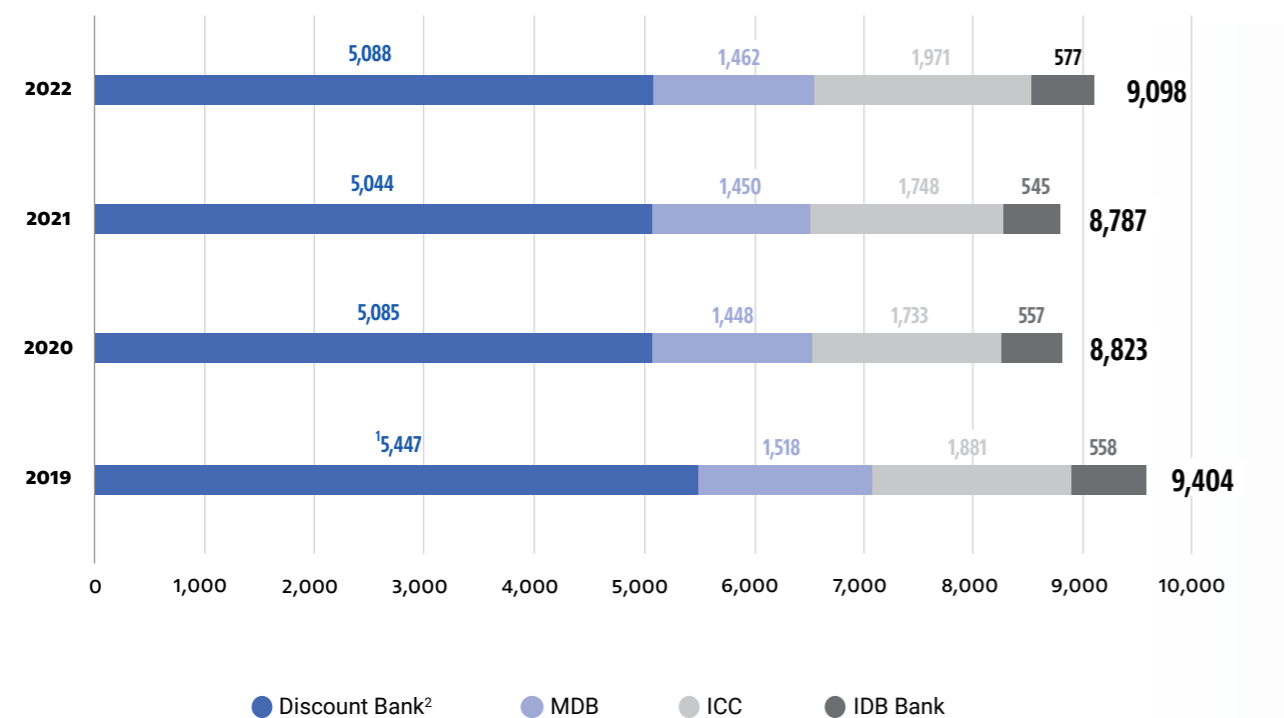
** Not including members of Management.

Discount's employees

Employees of the Bank and the principal subsidiaries in Israel, in numbers

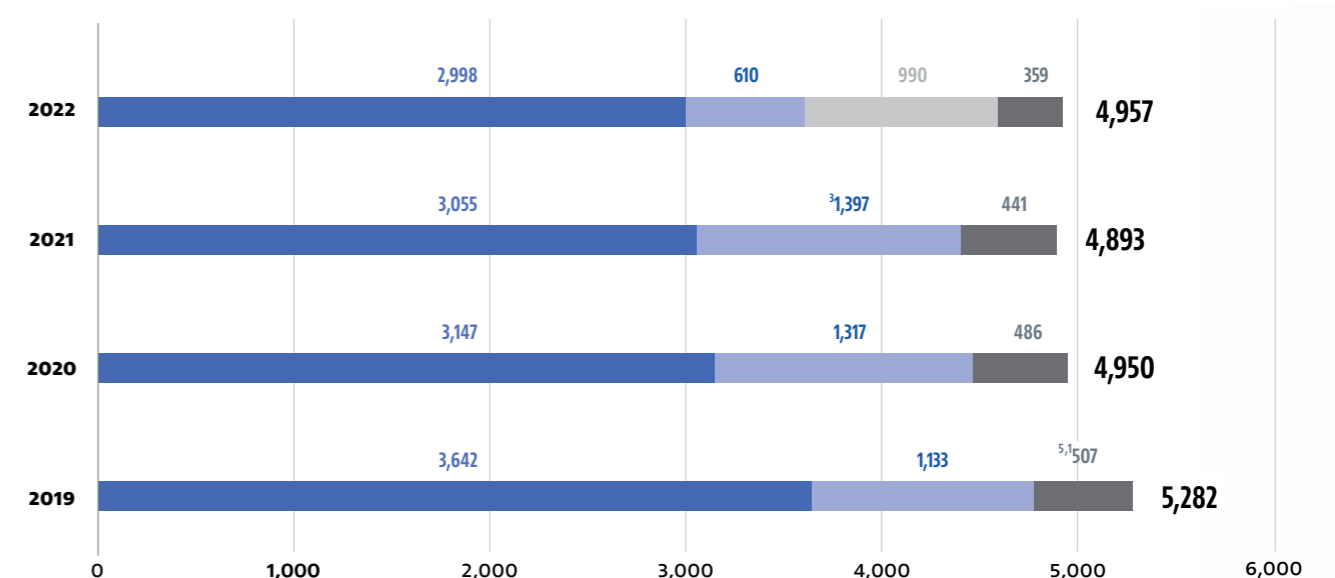


Employees of the Bank and the principal subsidiaries



- Notes:**
- Following an examination conducted, 83 persons who had previously been treated as service providers have been redefined as outsourcing workers and have been added to the Bank's workforce numbers as of December 31, 2019. In the absence of readily available data, the comparative data have not been revised accordingly.
 - The data includes employees on unpaid leave and on maternity leave.

Breakdown of Employees of Discount Bank by Employment Categories²



- Tenured⁵ under personal contracts⁶ and members of Management
- Temporary employees⁴
- Stable
- Outsourcing²

- Notes:**
- Following an examination conducted, 83 persons who had previously been treated as service providers have been redefined as outsourcing workers and have been added to the Bank's workforce numbers as of December 31, 2019. In the absence of readily available data, the comparative data have not been revised accordingly.
 - Including software houses and workers engaged in the TeleBank service centers.
 - As of December 31, 2021, the Bank employed 933 employees having the status of "stable employee" - a status determined within the framework of a new collective labor agreement signed on December 22, 2021. At the beginning of 2022, the Bank started to integrate the change in its systems.
 - Temporary employees and stable employees – the employment terms of such employees are mainly regulated in several special collective agreements in which said employees' employment terms and the period of their employment are set forth.
 - Tenured employees – the employment terms of such employees are regulated in the Labor Charter, special collective agreements and various employment arrangements.
 - Personal contracts – employees whose employment terms are anchored in personal contracts with the Bank and for whom the provisions of the Labor Charter and the collective agreements, which apply to employees with the status of "tenured" employees, do not apply.

The growth in outsourcing in 2019, stemmed from the classification described in Note 1, above. For additional details regarding the Bank's employment data according to the various categories and the changes that took place therein, see the 2022 Annual Report (pp. 350-352).

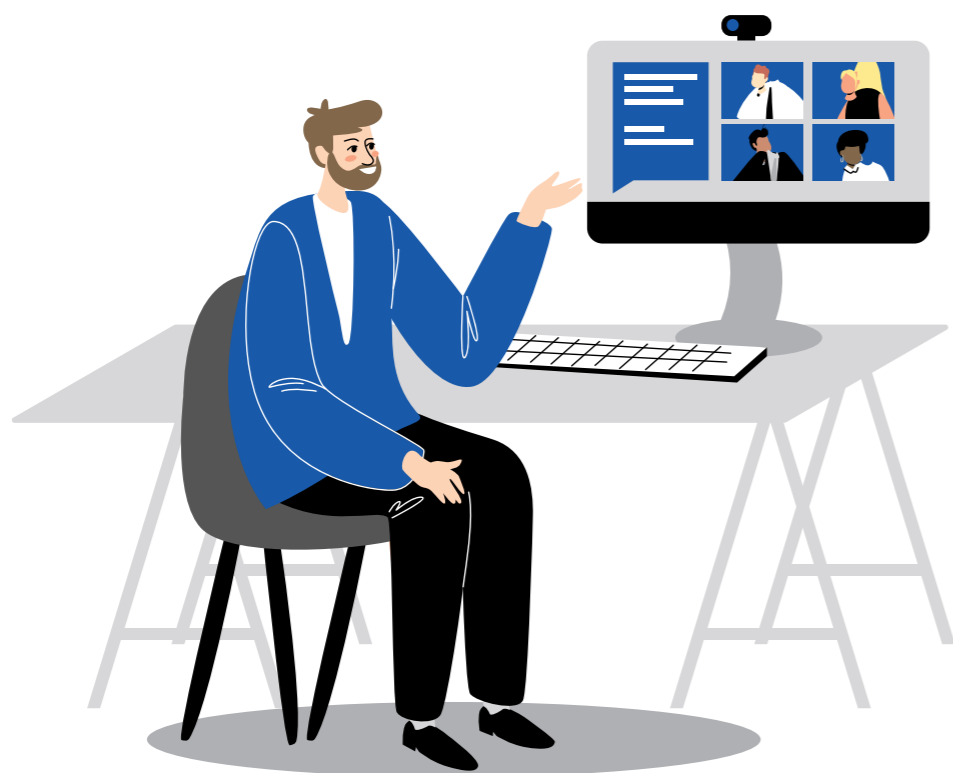
Academic education

	Discount Bank			MDB		
	December 31,					
	2022	2021	2020	2022	2021	2020
The percentage of academics within the total number of employees	55%	58%	61.4%	64.4%	60.7%	59.9%
The percentage of academics within the total number of managers	91%	90%	89.6%	68.3%	65.1%	64.1%
The percentage of academics within the total number of clerical staff	47%	51%	55.0%	62.4%	58.5%	57.9%
The percentage of academics within the total number of female employees	53%	56%	60.3%	63.8%	60.3%	59.8%
The percentage of academics within the total number of male employees	57%	61%	63.3%	65.3%	61.3%	60.1%

Note: The data does not include outsourcing employees, employees on maternity leave and employees on unpaid leave.

Average age and average seniority of the employees

	Discount Bank	MDB	ICC
	December 31, 2022		
Average age	44.1	44.6	36.4
Average seniority	13.4	15.3	8.4



Labor relations at the principal subsidiaries

MDB

Labor relations at MDB, except for those having a personal employment agreement, are principally based on a basic labor agreement, "Labor Charter", and complementary collective agreements. Apart from these agreements, Management of MDB and the employees representative committee sign from time to time agreements in respect of specific issues. The terms of employment of members of Management of MDB are regulated by personal engagement agreements.

The collective labor agreements existing at MDB are subject to Section 5 of the labor agreement of May 17, 1968, namely, the validity of the agreement shall be automatically extended for two additional years, unless one of the parties to the agreement informs of his intention to make changes thereto. The Management of MDB and the national committee of employees of this bank signed in December 2018, a wage agreement for the years 2019-2023, which includes new and significant items. The essence of the agreement includes: detachment of the wage, work terms, and related benefits of MDB from those prevailing at Bank Leumi during the agreement period; for the said detachment, the employees are to receive: a onetime award amounting to 2.5 monthly salaries; a wage increment at the rate of 3.1% per year (excluding a seniority increment of 0.8%), for each of the years covered by the agreement; a gradual updating of the minimum monthly wage used for computing severance pay.

The rate of workers employed under collective labor agreements in MDB as of December 31, 2022 amounted to 98.7%.

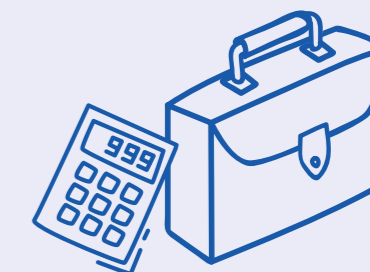
Tenured employees of MDB are organized within the framework of a national representative committee. The ratio of the organized employees, who are entitled to be elected to the committee or to elect the committee's members, as of December 31, 2022 was 98.7%.

Special collective agreement. On February 24, 2022, a special collective agreement was signed between MDB, the New General Labor Federation and the representative committee of MDB's employees, within the framework of which the labor dispute declared at that bank on February 15, 2021 was settled and which focused primarily on the transfer of MDB's head offices to the Discount Campus.

The agreement includes several main accords:

- Consenting to the transfer to the Discount Campus, including the location of various units in the Campus building, catering arrangements, seating, shuttle transport, and parking;
- Entitlement of the employees on the workforce on December 31, 2021 to a return-dependent award and to an award for consenting to transfer to the Campus (hereinafter: "the Consent Award") at an average level of 4.15 salaries;
- Arranging a remote working outline at a scope of one day a week for employees who wish to do so.

Organizational changes. The special collective labor agreement of 2002 states that where Management takes a decision to merge branches or groups, the decision shall be brought to the attention of the employees representative committee together with the presentation of the relevant data, and an intensive discussion is to be held with the committee with respect to the implications of the decision upon the employees involved. Management of MDB may act upon the merger decision only after fourteen days have passed since the date of notifying the committee regarding its decision.



ICC

Labor relations at ICC are based upon partnership and trust between Management of the company, the national committee and the employees.

The first collective labor agreement from 2011 at ICC, which regulates all labor relations in the organization, incorporates all employees of ICC, excluding department managers, vice presidents and approximately 40 employees engaged under personal agreements.

On June 11, 2019, ICC signed a special collective labor agreement with the Histadrut (the New General Federation of Labor) and the national committee of the company's employees, which is valid from January 1, 2019 through December 31, 2022. The agreement prescribes that an average wage increment of 3.1% shall be granted in each of the years 2019-2022. Moreover, a seniority supplement of 0.5% shall be granted to employees with the status of "permanent employee" in each of the aforesaid years. The agreement regulates certain economic benefits to which ICC's employees will be entitled, as well as different aspects relating to the company's employment arrangements. In the agreement, the parties have undertaken to maintain industrial calm at the company until December 31, 2022, insofar as this relates to matters regulated in the agreement. The wage level at ICC is set according to customary market criteria and in accordance with employees' performance.

An agreement was signed on September 22, 2022, whereby the move of ICC's employees to the Discount Campus had been arranged. Within this framework it was established that in the course of 2023, ICC will pay to its entitled employees a onetime award for their consent to the move to the Discount Campus and the changes involved in such move. The total amount of the award is estimated at approx. NIS 25 million, most of which would be recognized in the financial statements for 2023. In addition, arrangements were made for remote work by ICC employees. Moreover, the effective period of the existing collective labor agreement was extended to December 31, 2023.

Organizational changes – The collective labor agreement of 2011 states that the company is entitled to introduce organizational and/or technological and/or operational and/or structural changes, such as the merger of units, integration with other centers, the closing down of units in accordance with changing work requirements, etc. Material changes that have a material impact upon the employees would be brought to the attention of the employee representative committee no later than fifty days preceding the planned implementation date of such change. In the case where no agreement has been reached regarding changes that have a material impact upon employees of the company, then each of the parties retains his rights without prejudice.

Work on the day of rest – duty personnel from the IT group, Risk Management, as well as permit representatives, work on rest days specified in the Hours of Work and Rest Act, 5711-1951. Work on these days requires a special permit, which is filed by the company and extended once a year.

IDB Bank

The employees are not members of a labor union.

The starting wages at the principal subsidiaries in Israel

MDB

The starting wage payable to most temporary new employees in 2022 was NIS 40.61 per hour. The minimum pay for redundancy pay provisions of a new employee amounted to NIS 6,700 per month. It is noted that at this primary wage level, and for similar positions, there is no difference between the wage paid to women and the wage paid to men.

ICC

The company meticulously pays a fair wage, which is in excess of the minimum wage. The beginning basic wage payable to employees starting work is NIS 5,600 per month in respect of a full-time position. Most employees are also

entitled to incentive payments in addition to the basic wage. The beginning wage payable by the company is higher by 5.6% than the mandatory minimum wage.

Wage differences between female and male employees at the principal subsidiaries in Israel

MDB

For years, MDB has been careful to act in light of the principle of equality and to act with fairness and equality toward its employees. In this context, the bank attaches considerable importance to equality between female and male employees in the organization, attributing equal value to both sexes, which also extends to pay and benefits.

In 2022, the Equal Pay Act was amended whereby the bank, as well as other entities and companies in Israel, is required to analyze employee pay according to various segmentations that are specified taking account of the characteristics of the workplace, with the aim of examining whether pay gaps

exist between male and female employees who perform work of equal value. The full report appears on MDB's website. The details are also presented in Chapter 10 below.

MDB is of the opinion that most of the pay gaps between men and women result from differences in experience, length of service and duties; from timing gaps in the actual payment of various salary components due to the dates of commencing employment, etc. and therefore, in case of single figure percentages, it usually has no meaning.

ICC

As seen from a review performed in 2022, in accordance with the Equal Wage to a Male and Female Employee Law, by distribution into appropriate comparative groups, no significant wage differences exist at ICC between male and female employees, the highest difference amounting to 8%. Wage differences found had been affected by factors such as: compensation for on-call services, overtime, shift-work and different personal attributions, and do not stem from gender differences. Details are also presented in Chapter 10 below.



Diversity and equal opportunity

Discount Bank believes that every employee (whatever their gender) is entitled to fair and equitable treatment, free of discrimination based on race, age, gender, color, sexual orientation, ethnic background, physical a disability, religion or political affiliation. The Bank encourages diversity and acceptance of the other and takes pains to provide a fair and respectful work environment.



In order to create a tolerant organizational culture and one that is accepting of the other, Discount Bank acts to advance segments of society that are underrepresented in the labor market, including through recruitment of employees from minority segments, from the ultra-orthodox (Haredi) society, from Israel's geographical periphery, as well as employees with a disability.

The field of diversity and equality was defined as a strategic subject at the Bank, with approval of Management and the Board of Directors. In this respect, the Bank formed processes and determined goals for the promotion of diversity and inclusion, including:

- Appointment of an officer for diversity and inclusion in the Bank – Executive Vice President of Human Resources;
- Setting up a designated team to advance the topic of diversity and inclusion;

- Defining a plan that will bring Management on board, including personal meetings with the heads of divisions in which large-scale recruitment takes place;
- Cooperating with "Co-Impact" and other associations to increase employment in underrepresented population segments;
- Receiving approval from the Equal Employment Opportunities Commissioner at the Ministry of Economy and Industry, regarding the construction of a mapping and measurement system - a mapping which was initially conducted in 2022 and again in the beginning of 2023;
- Defining quantitative goals to increase diversity in 2022.

These operations continued and intensified in 2022. As part of this, meetings and collaborations continued with organizations, such as: Co-Impact, Beit Issie Shapiro, Tech-Career, Sprint for the Future and more.

In addition, the employee selection and recruitment processes, which are performed using selection and engagement systems customary in the market, emphasis is placed on finding a congruence between the needs, wishes and values of the candidate and those of the Bank. The Bank continues to mark the religious holidays of all the religions, both by publishing a multi-faith calendar and holiday greetings and also through activities in the various units.

Promoting Multiculturalism

The TeleBank is a microcosm reflecting Israeli society; its workspace integrates employees of all ages and from all sectors and religions. With this in mind, the TeleBank's management makes efforts to promote connectivity and acceptance between all the sectors through specific training sessions, customized goals and assignments according to the strengths and abilities of the group's members and and respecting designated ceremonies. Moreover, all the religious holidays are celebrated while taking a multi-sectoral

view, which is expressed through celebrating Chanukah along with Christmas; Pesach along with Easter; and marking the month of Ramadan.

Employment of women from the ultra-Orthodox (Haredi) community – The Bank has a special team of women from the ultra-Orthodox sector, which was set up in 2013. The team was established within the framework of the TeleBank at Discount Bank's Rishon Lezion bureau and is engaged in providing a response over the phone or over the digital communication channels to all the Bank's customers on a variety of banking topics. Most of the candidates for the unit arrive without an employment background or experience. They receive banking training that includes training for a computerized work environment and are integrated into the center. The team has a specially tailored workspace, that was built in cooperation with a rabbi who guided the Bank on, among other matters, how to prepare the offices and work areas so that they will meet the needs of the female employees, customizing solutions for mothers of young children and setting up a transportation system to the areas where they live so as to enable them to pick up their children from educational institutions. At the end of 2022, the team consisted of 15 female employees, headed by a female manager from the Haredi community. It should be noted that, over the years, several female employees from the team have been promoted to various positions within the TeleBank (such as the executive team, the written inquiries team, the compliance team, the Internet support center, the mortgages center and the recruitment and retention center).

Employment of staff from the geographical periphery – Within the framework of the Direct Banking Unit (TeleBank), the Bank operates a call center at Neshet which takes on staff from the different sectors, Jews, Muslims, Druze and Christians. The Neshet bureau is the main TeleBank bureau that, as of December 31, 2022 employed a staff of 110, of whom approx. 26% were from the Arab sector. All employees from the various sectors progress

IN 2022 WE LED TO ADVANCING THE TOPIC OF DIVERSITY AND INCLUSIVITY AS A STRATEGIC ORGANIZATIONAL ISSUE AT THE BANK, BY HARNESSING MANAGEMENT TO WORK JOINTLY WITH THE HUMAN RESOURCES DIVISION AND INSTIGATING SIGNIFICANT PROCESSES THAT WILL ENLARGE THE EMPLOYMENT OF POPULATION SEGMENTS THAT ARE UNDERREPRESENTED IN THE LABOR MARKET, THROUGH ADVANCING A CULTURE OF INCLUSIVITY AND TOLERANCE

on TeleBank's development paths and together form a diverse mix in the work teams and in the professional and managerial echelon. In addition, within the framework of outsourcing some of the telephone banking operations, the scope of activity in the periphery was defined as one of the major considerations in selecting the companies to partner the project, and therefore an operations center exists in Dimona (inaugurated in 2018). As of the end of 2022, 85 outsource workers, who have been fully trained for banking positions, had been integrated into the center. The unique contribution of the TeleBank centers to employment in the periphery is rooted in the fact that the Bank combines the training of employees for the latest banking positions together with personal development and the filling of knowledge gaps, which give the population the tools for future positions in diverse fields. This is in contrast to the prevailing approach in the periphery that focuses on creating employment opportunities in traditional industry.

Employing retirees. Retirees of the Bank who wished to return to work, are employed at the TeleBank and in the branches. These retirees have integrated within the framework of the different centers and provide service to customers of the Bank. The Bank employs retirees at the branch network in banker and teller positions and benefits from the knowledge and experience which they bring with them, while the retirees enjoy the young and varied work environment.

During 2022, some 51 retirees were employed at the Bank.

In addition to the TeleBank, the Bank continues to work on integrating employees into the cultural, social and employment mix at the Bank's branches and other units. Among the additional initiatives that the Bank promoted in 2022 were efforts made by the Bank to integrate employees from the Arab society.

As part of the Bank's aspiration to promote the employment of populations that are under-represented in the labor market, the Bank continued to cooperate, for the second year, with the initiative "Collective impact" - which aims at encouraging the employment of persons belonging to the Arab sector and their progress.

In 2022, the Bank launched a program that is unique in Israel – the "BoostCamp", a program to train university and college graduates from the Arab sector for the professional positions of credit coordinators, in which 10 employees participated (for further details, see Chapter 7 "Community"). This, concurrently with the ongoing recruitment of employees from this population for a variety of jobs at the Bank. "Getting to know the Arab culture" meetings were held for the Bank's managers and its HR managers and the recruitment team received training on "diversified recruitment".

Also, in 2022, for the first time, the Bank ran a course to teach Arabic to managers of the Bank.

At the same time in 2022, the Bank recruited some 40 ultra-orthodox employees, 15 of whom were employed in the Technologies Division.

Employing persons with a disability

➤ Employment of persons with a disability is a central issue of importance in the Bank's activity in aid of the community in Israel, even before the Expansion Order, encouraging and enlarging employment of persons with a disability, entered into effect. As part of the Bank's policy in the matter of employee recruitment, and the shaping of its organizational culture as being tolerant and as one that accepts the other, the Bank promotes acceptance of employees with a disability and their integration in positions at the Bank in accordance with their capabilities and the Bank's needs.

In accordance with the provisions of the Expansion Order, in January 2014, the Bank appointed an officer responsible for the employment of persons with a disability.

The employees are escorted on a current bases and modifications are performed as needed.

Summarized employment data regarding the underrepresented populations

➤ The Bank's policy does not require Bank employees to provide details regarding their affiliation to particular population groups, such as those mentioned below and accordingly, the employees are not asked to provide details regarding which segment of the population or which community they belong to. This notwithstanding, at the beginning of 2022, approval was received from the Equal Employment Opportunities at Work Commission to conduct a count of populations defined as employment challenged: those of Ethiopian descent, the ultra-orthodox, Arabs, persons with a disability. Consequently, the 2021 and hereafter database is different from the database of previous years and the data presented below for the years until and including 2020, constitutes an estimate that was based on the sources stated below.

The Arab society – through 2020, the estimate was based on the number of employees that chose to take their vacations at the time of the Muslim, Christian, Druze and Circassian festivals. Since 2021, the mapping has been based on what is known of the employee by his immediate manager and the HR managers.

The ultra-Orthodox (Haredi) society – through 2020, this population was not mapped due to the ambiguity of the term and this information not being reported to the Bank. Since 2021, this has been mapped by the divisions according to the criterion – "a person, or that person's children, who is known to us to be learning in an institute for religious studies or to eat only strictly kosher (Mehadrin) food or where any other similar indication exists".

Persons with a disability – until 2020 the estimate was based on the following sources: employees engaged as part of a special effort to employ persons with a disability. In addition, a review has been made of employees reporting withholding tax exemption due to having a disability and reviewing the number of employees reporting the holding of a disabled certificate. The said estimate does not include absent employees due to lengthy illness and employees engaged on part-time basis due to lengthy illness. This evaluation does not comprise measurement in accordance with the Expansion Order.

Since 2021 the mapping is done by the HR managers and the divisions in accordance with the regulatory requirements in this field – In accordance with the rules of the monitoring committee, person with a disability is someone who meets at least one of the following criteria:

- his disability is a disability of 40% or more, as recognized by the National Insurance Institute, the Ministry of Defense, the Income Tax Authority, or the Ministry of Health;
- he has undergone job-placement rehabilitation under the auspices of the National Insurance Institute, the Ministry of Welfare or the Ministry of Health;

➤ he is a disabled IDF veteran who has undergone professional job-placement rehabilitation under the auspices of the Ministry of Defense.

Ethiopian descent – until 2020 the estimate was based on the number of employees who had elected to voluntary state their country of origin. Since 2021 the mapping is done by the HR managers and the divisions based on personal acquaintance with the employees.

Complaints regarding discrimination of employees

➤ The Bank's and MDB's Managements have placed emphasis on preventing discrimination, and this principle is applied upon engaging employees, advancing them and determining their wage terms. With respect to the issue of retirement on grounds of age, the Bank, MDB and ICC act in accordance with the law.

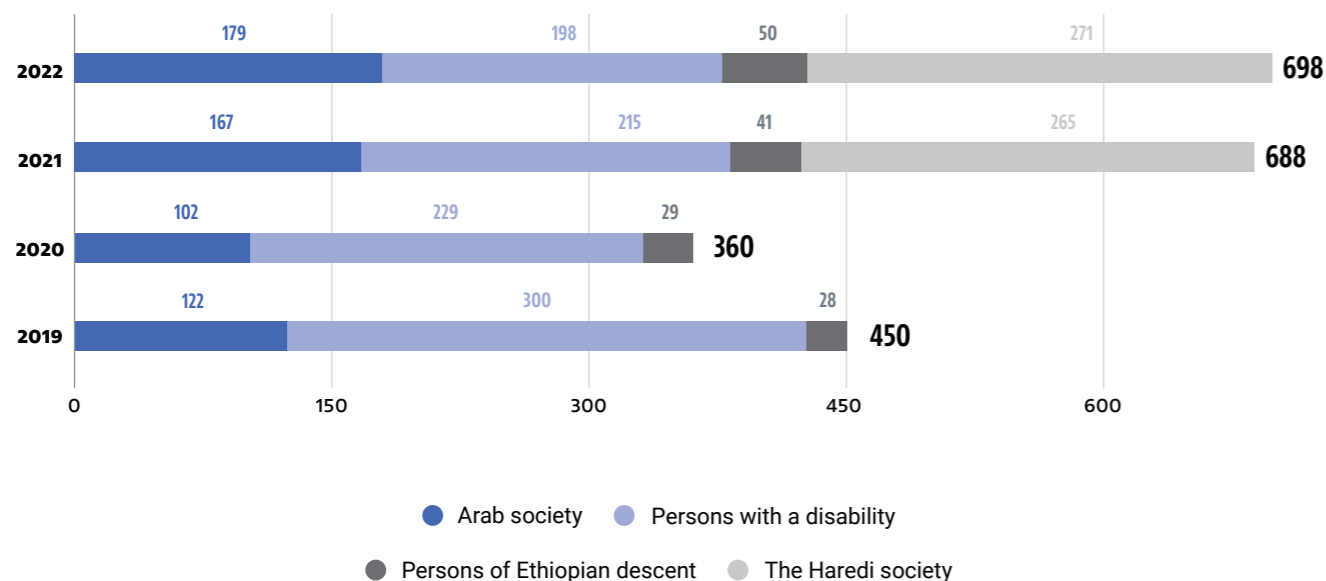
In 2022, two claims were filed against the Bank, the grounds for which included discrimination under the Equal Work Opportunities Law and the Equal Rights for Persons with a Disability Law. Both claims are still being heard at Labor Tribunals.

No actions claiming discrimination were filed in 2022 against ICC or against MDB.



Employment of populations underrepresented in the labor market

Discount Bank



General notes:

- The data is not in accordance with the Expansion Order.
- For details regarding employment of older employees (50+), see Employees annex in the "Epilogue" Chapter.
- The estimate of persons with a disability excludes staff employed on a part-time basis due to prolonged illnesses.
- The data at the end of 2021 and at the end of 2022 are not comparable with previous years' data, due to differences in the measurement format – see above.

Breakdown of employees from populations underrepresented in the labor market

Discount Bank

	December 31, 2022				December 31, 2021				December 31, 2020		
	Persons from Arab society	Persons from Haredi society	Persons with a disability	Persons of Ethiopian descent	Persons from Arab society	Persons from Haredi society	Persons with a disability	Persons of Ethiopian descent	Persons from Arab society	Persons with a disability	Persons of Ethiopian descent
Clerks	172	250	177	50	160	242	186	41	93	187	28
Managers	7	21	21	-	7	23	29	-	9	42	1
Total employees	179	271	198	50	167	265	215	41	102	229	29

Diversity and equal opportunity at the principal subsidiaries in Israel

MDB

Engaging employees from the Arab society – MDB is one of the major employers in the Arab society. Most of the managers and staff of the bank at 34 branches located in northern Israel and in other parts of the country (such as: Rahat, East Jerusalem, Wadi Nisnas in Haifa, Kafr Qasim and more) are from the Arab society. In addition, members from the Arab society are employed in various positions at the bank's head office.

Engaging persons from the ultra-orthodox (Haredi) society – MDB has a number of branches in Haredi populated areas, and many of the male and female staff at these branches belong to the Haredi sector. Female and male staff of the Haredi sector are also employed at the bank's head office.

Engaging employees with a disability – MDB engages employees with a disability and continues to prepare for the implementation of regulations in this respect. For this purpose, the bank has appointed an officer responsible for the employment of persons with a disability. The bank has made contact and cooperated with several bodies engaged in recruitment and placement of employees with a disability. In addition, the bank has joined the "Equal Employment" initiative, which assists organizations of the business sector in the promotion of employment of persons with a disability.

ICC

Engaging employees from the different segments – In this framework, ICC operates a service and sales center in Upper-Modi'in, serving as an integral part of the service department, adapted to the needs of female employees of the ultra-orthodox (Haredi) society, residing in the area.

At the same time, ICC maintains constant relations with associations and centers, including "key" centers, that operate on behalf of the Ministry of Labor, Social Affairs and Social Services and are engaged in employment advisory services for the Haredi sector.

Engaging employees from peripheral areas – ICC encourages employment in peripheral areas. In this framework, a sales and service center was opened in Ashdod, which serves as an employment hub for residents in the area, and helps in the development of the economy in the southern part of the country.

As part of its recruitment activity in Ashdod, ICC is in regular contact with the "Employment Opportunity Center" in conjunction with the Head of Social Services in Ashdod, the Welfare Ministry and the Israel Joint. The Center specializes in helping with employment integration for the population that has experienced an employment-economic crisis. The response is provided to residents of Ashdod aged 18 up to 60+, both men and women, who are interested in entering the employment cycle.

At the end of 2022, the centers had a staff of 381 employees (compared to 380 employees at the end of 2021).

Engaging workers with a disability – in accordance with the Extension Order for encouragement and increasing employment of persons with a disability, the officer in charge of human resources at ICC has been appointed as officer responsible for the employment of persons with a disability. By means of recruitment and selection, training and apprenticeship processes adapted to their needs and capabilities, ICC succeeded in integrating employees with a disability in a variety of positions in the different Wings of the company.



IDB Bank

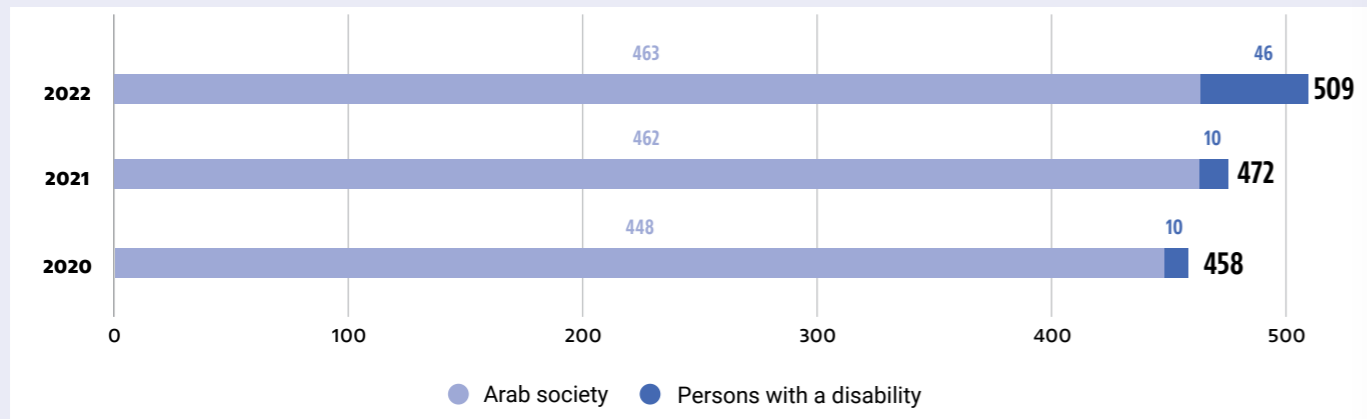
Equal employment opportunity – as discussed in the Code of Conduct of IDB Bank, the bank provides equal opportunities to all applicants and employees without regard to race, color, religion, sex, sexual orientation, national origin, age, disability, genetic status, citizenship status, marital status, military or veteran status or any other legally protected category in accordance with applicable federal state and local law.

Anti-harassment/anti-discrimination/anti-retaliation policy – IDB Bank is committed to maintaining a work environment that is

free from discrimination, harassment and retaliation by: (1) any employee, including any co-workers, manager or supervisor, and interns, whether paid or unpaid, and regardless of an employee’s immigration status; and (2) non-employee, including any contractor, vendor, customer, agent or visitor of the bank. Towards that end, the bank will discipline any employee found to have violated this Policy, up to and including termination of employment, and the bank will take all other necessary and appropriate action to address any violation of this Policy by a non-employee.

Employment of populations underrepresented in the labor market

MDB



Employment of populations underrepresented in the labor market

ICC



General notes:

- 1 The data is not in accordance with the Expansion Order.
- 2 For details regarding employment of older employees (50+), see Employees annex in the "Epilogue" Chapter.
- 3 The estimate of the number of employees from Haredi society in ICC is based mainly on the number of employees engaged in the service and sales center in Upper Modi'in.

Breakdown of employees from populations underrepresented in the labor market

MDB

	2022		2021		2020	
	Persons from Arab society	Persons with a disability	Persons from Arab society	Persons with a disability	Persons from Arab society	Persons with a disability
Clerks	331	22	336	4	329	4
Managers	132	24	126	6	119	6
Total employees	463	46	462	10	448	10

ICC

	December 31, 2022				December 31, 2021				December 31, 2020			
	Persons from Arab society	Persons with a disability	Persons of Ethiopian descent	Persons from Haredi society	Persons from Arab society	Persons with a disability	Persons of Ethiopian descent	Persons from Haredi society	Persons from Arab society	Persons with a disability	Persons of Ethiopian descent	Persons from Haredi society
Clerks	4	48	5	185	4	51	4	133	5	45	1	118
Managers	-	5	1	7	-	9	1	5	1	6	-	7
Total employees	4	53	6	192	4	60	5	138	6	51	1	125



Maintaining the rights of employees

Prevention of sexual harassment

The Bank views with great importance the maintenance of a respectful, equitable and safe work environment, which is free of sexual harassment and pestering on sexual grounds, and acts incessantly to prevent such events within its premises and to handle in an optimal manner cases brought to its attention.

The Bank has appointed an officer responsible for the prevention of sexual harassment, who is in charge of the inquiry of complaints and submission of conclusions and recommendations to the representative of the employer - a position held by the Head of the Human Resources Division. Also appointed was an additional responsible officer, who serves also as a substitute in case of need, as well as two regional responsible officers (for the Northern and the Jerusalem regions). It is noted that the responsible officer for the prevention of sexual harassment had undergone professional training in the matter of prevention of sexual harassment and the manner of handling complaints, in accordance with legislation.

Clarification of complaints is conducted seriously by the responsible officer, with no delay and in a thorough and discreet manner. In exceptional and sensitive cases, the Bank even appoints an external examiner for the clarification of the complaint. In cases where sexual harassment has been established, disciplinary action is taken with full seriousness and severity.

The procedure regarding "Prevention of sexual harassment and pestering on sexual grounds at the Bank" is delivered to each new employee (of whatever gender) of the Bank, is posted on notice boards at the different units of the Bank and is published on the intra-organizational communication website and on the procedures website of the Bank.

A summary code for the prevention of sexual harassment, which clarifies the principles of the Law in a condensed and concise manner was sent to the branches and units.

The Bank makes use of comprehensive educational software to provide training about the prevention of sexual harassment, which is disseminated to all the Bank's employees once in each period. New employees are required to undergo this training as part of the Bank familiarization courses, they are required to take on joining the Bank.

In 2022, six complaints alleging sexual harassment were investigated – five of these by the person responsible for this sphere at the Bank and one by an external investigator. In one case it was found that sexual harassment had taken place and termination of engagement was the sanction decided upon. In four instances, it was found that no sexual harassment had taken place or that it was not possible to determine that sexual harassment had taken place. In one case, it was found that improper conduct had taken place and the case was sent for further disciplinary action. Nevertheless, in some of these instances, refreshment and clarification talks took place with the relevant parties at the Bank or steps were taken to physically separate the parties involved.

Abuse at work

In 2020, the legal counsel of the Bank's Human Resources Division held training for the divisional human resources female and male managers on the topic of abuse at work.

Retirement and dismissal Conducting dismissal procedures while maintaining and respecting the rights of employees

Relations of the Bank with tenured employees, being the majority of Bank employees, are based on the Labor Charter and on agreements with the representative committee of employees, according to which consent of the representative committee is required for the dismissal of tenured employees, in the absence of which, the matter is referred to arbitration.

Dismissals of tenured employees are carried out against the background of a serious disciplinary breach, following a decision by the Bank's Disciplinary Committee. Dismissals against the background of criminality do not require the representative committee's approval. From time to time the Bank encourages tenured employees to retire voluntarily prior to reaching retirement age, at preferential terms, as detailed below. A more flexible administrative approach exists in the case of termination of employment of employees having the status of "temporary", "stable" or "personal contract". The dismissal of employees belonging to the said populations generally takes place on the background of dissatisfaction from the employee's performance or breach of discipline, as well as on grounds of efficiency measures and reductions adopted by the Bank. Termination of employment of whatever reason is effected only after explaining to the employee the circumstances and reasons for the dismissal and giving the employees the opportunity for stating in full their counter-claims, and following serious consideration of each case by the Bank.

The Bank's liability for the payment of severance pay to employees at the rate of

100%, upon termination of their employment, including at retirement age, as required by the Severance Compensation Act, is fully covered by deposits in severance pay funds as well as by insurance policies.

Early retirement

The Bank encourages from time to time the early retirement of tenured employees by approaching defined employee populations with offers for early retirement at improved terms. The retirement of tenured employees is subject to the consent of the retiring employee and is not compulsory (dismissal), and it promotes goals such as the reduction in the average cost per employee position, the refreshing of the employee lines and efficiency.

2022 Retirement plan

On August 29, 2022, the Bank's Board of Directors approved a retirement plan for permanent employees having the defined characteristics, for an early retirement under preferential terms.

Until February 28, 2023, some 57 permanent employees had signed an early retirement request from the Bank.



Data regarding the retirement of employees

		Total number of retired employees	Of which: number of early retirement employees
Discount Bank*	2022	90	43
	2021	145	79
	2020	520	451
MDB	2022	31	9
	2021	47	4
	2020	91	85
ICC	2022	2	-
	2021	7	-
	2020	41	20

* The data relates to tenured employees only.

Preparation for retirement – retirement from work constitutes the end of a chapter in life and the beginning of a new chapter involving changes on the social, economic, psychological and health levels. The Bank offers employees and their spouses workshops for the preparation towards retirement. Participants in these workshops obtain information regarding a variety of subjects, such as a healthy way of life, physical and mental health, nutrition, relevant legal aspects, economic aspects, retiree rights, testaments and inheritance and more. In addition to the workshops, personal consulting is offered to those interested therein.

In 2022, some 100 employees and their partners participated in retirement workshops.

For details regarding employee rights regarding severance pay, retirement and pension payments, see Note 23 sections A, H and I to the 2022 Annual Report (pp. 207-209, 219-220).

Employee claims relating to labor relations

➤ In 2022, four Bank employees or former Bank employees or company employees providing services to the Bank, filed with the Labor Court four actions against the Bank relating to labor laws.

Two claims are still being heard before the Labor Tribunals and two claims have been concluded: one by means of a settlement and the other, by means of the claim and the counterclaim brought by the Bank being rejected, by mutual consent.

In addition, three proceedings, which had commenced in previous years, were concluded in 2022. All the claims were concluded by means of a settlement.

Employee compensation

➤ The principal salary components of tenured employees are the base salary which includes a table salary, a seniority increment, representation and signature fees for each employee (of whatever gender) based

on their seniority and grade. The base salary constitutes the basis for salary increments and for the payment of split working hours' compensation at the rate of 2.5% of the base salary (for each split working day, to eligible employees), a split working hours' increment of 6% for clerical staff and 5% for managers, shift compensation (to eligible employees), overtime and the 13th month salary and long term service award. Some of the payroll components of the employees are linked to the CPI. In cases where the CPI is negative, the employees' wages are not reduced and the negative CPI is setoff against the rise in the CPI in following months. Employees are also entitled to various additional benefits in accordance with their employment status.

Bank employees were entitled to a long-service award equal to several monthly salaries plus additional vacation days, at the end of 20, 30, and 40 years of service in the Bank. A collective labor agreement dated November 22, 2007 specified that new employees shall not be entitled to "long-service vacation" or to wage components for nursery school and summer camp. The item in the collective labor agreement of June 2011, regarding the updating of grading and stages, changed the components and terms mentioned above, applying to tenured employees engaged or converted to this status as from January 1, 2012. In addition, certain components have been cancelled in their respect and maximum and minimum salaries for the table salary have been determined according to grading. The aforementioned salary ceilings will not be valid for the years 2022-2025.

In the collective agreement signed on December 23, 2021, a mechanism is prescribed for redeeming jubilee grants, jubilee vacation and jubilee vacation pay for the entitled employees.

Within the framework of compensation, discretion exists regarding the compensation of employees in accordance with attaining goals, where in certain cases these are also goals concerning ESG issues.

Working overtime by employees eligible for

payment in this respect is contingent on prior approval of their superiors. Attendance reporting at the Bank is made by means of an attendance clock (excluding exceptions) or independent updating when working from home.

Most of the Bank's employees are entitled to recreation pay in an amount significantly higher than the amounts provided by law. Employees are also entitled to pension contributions, to provident fund contributions and further education funds contributions, in accordance with agreements signed with the Bank.

For severance pay and provident fund contributions, the Bank includes the basic salary, global overtime for provisions, a 13th salary (being 1/12th of the basic annual salary) and other additional benefits. Employees defined as a "pensioner" of the Bank, are also entitled to certain benefits after their retirement.

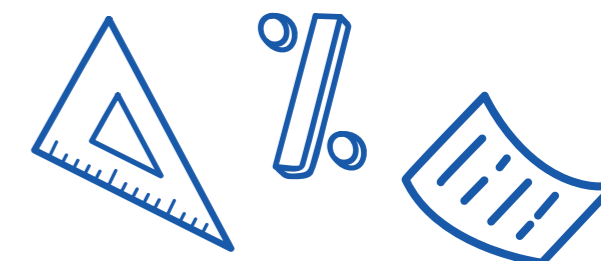
In accordance with the collective agreement in the matter of pension dated June 2011, a provision of the full amount of severance pay at the rate of 8.33% was determined, including the finality of the provision (pursuant to Section 14 of the Severance Pay Act) and with this being in relation to temporary employees and to employees who have become tenured employees after the date of signing the agreement and to veteran employees in accordance with the agreement of February 2019.

In accordance with the Expansion Order increasing the provisions for pension in the economy, starting with July 2016, the share of the employee in provident contributions shall not be less than 5.75% and the share of the employer shall not be less than 6.25%. Respectively, since January 2017 the share of the employee has increased to not less than 6% and that of the employer to not less than 6.5%. In addition, in accordance with the collective agreement of February 2019, the share of the provident contributions shall be 7.5% (this rate will apply to members of Management from January 2018). The share of the employer in contributions to an insurance fund/provident fund which is not a pension fund will include, if the employee so elects, the purchase of loss

of work ability insurance for the employee, on condition that the rate of contributions in the employer's share shall not be lower than 5%. Furthermore, the minimum rate of the employer's share for severance pay shall apply to the full amount of the insured employee wage, at the rate of at least 6%, in accordance with the agreements applying thereto, at the work place and no less than the average wage in the Israeli economy. This rate was updated to 8.33% of the employee wage in accordance with the collective agreement of February 2019, subject to the application of Section 14. In addition, within this framework, recipients of a wage higher than the maximum wage for severance pay which is exempt can curtail the contribution at this maximum.

Payment in respect of public holidays and sabbatical days - The Bank is closed for business on nine sabbatical days defined by law, as well as on Purim (Jewish holiday) and on the Ninth of Av. In a year in which elections are held for the Knesset or for local authorities, the elections day is also considered a sabbatical day. All Bank employees are being paid in full in respect of these sabbatical days. For monthly employees, the payment is made without condition of minimum seniority. A minimum service period of three months is required by law for hourly workers. In addition, with respect to employees engaged on an hourly basis, the day of Purim and the Ninth of Av are considered unpaid leave days. Tenured employees, who do not belong to the Jewish faith, are entitled for full pay in respect of absence on their own religious holidays.

For additional details regarding "compensation", see "Disclosure according to the third pillar of Basel and additional information regarding risks", which is available for perusal on the Bank's website (pp. 107-114).



Special compensation to managerial personnel

A managerial grade employee who has been promoted is entitled to a 5% salary increase from the salary table (provided that at least 12 months have elapsed since the date of his last entitlement to such increase due to promotion). The collective labor agreement of June 2011, regarding the updating of grading and stages, includes changes in some of the employment terms applying to new tenured employees becoming Bank employees of this status as from January 1, 2012. In this connection, maximum salaries have been determined according to classes in line with the accepted administrative grades at the Bank.

Employees in the last three senior grades (senior manager, Assistant to the President & CEO, Senior Assistant to the President & CEO) are entitled to receive a car from the Bank and full funding for one telephone landline in his home.

Senior managers with tenured status transitioning to a personal contract. In 2022, the Bank offered tenured senior managers the opportunity to transition to a personal

contract and to join the options program, while guaranteeing an early retirement award at a rate that would not exceed 150%, according to their salary immediately prior to the change, subject to the personal contract employment agreement under its terms and conditions. To date 10 employees have taken up this offer.

Outline for the allocation of share options. On May 30, 2022, the Bank's Board of Directors approved an outline for the granting of up to 10,000,000 nonmarketable options to offerees, at no cost, each of which would be exercisable, upon fulfillment of certain terms, into one registered Ordinary A share of the Bank of a par value of NIS 0.1, subject to adjustments. This, in order to strengthen the commonality of interests between the Bank's employees and the shareholders and to create a link between the value proposition for shareholders and the employees' compensation. During 2022 an actual granting of 4,578,313 options was made out of the pool, to 38 employees of the Bank, of which are 11 Executive Vice Presidents and 27 senior managers reporting to VP's, engaged by the Bank under personal employment agreements.

For additional details, see the 2022 Annual Report (222-223).



Awards to employees and managers in 2022

With respect to 2022, the Board of Directors has approved the distribution of a return-dependent award for all the Bank's employees, at an average level of 2.5 monthly salaries per employee, in recognition of their joint effort that led to the Bank's achievements in that year. For details regarding the awards to the President & CEO with respect to 2022, see the 2022 Annual Report (pp. 217-219, section G). For details regarding the bonuses to the officers with respect to 2022, see the 2022 Annual Report (p. 219, section 9).

Senior Officers group

The ratios shown in the above table are based on the compensation cost as included in the financial statements, both in respect of the group of senior officers and also in respect of the rest of the Bank's employees and contract workers that were employed during the relevant year, excluding payroll tax.

The mean cost includes a provision for the average award (in the relevant year) and also an average provision for vacation and expenses for pension terms. Until 2021, the mean cost included also an average provision for jubilee awards. In addition, in 2021, the mean cost also included the average additional cost that arose due to the redemption of the Bank's liability for jubilee awards.

In addition, in 2022, the average cost for senior officers and other senior employees includes expenses for share options granted during the year.

The average cost for officers has risen compared to 2021 as a result of the salary increase and a share-based payment (a new grant). The average cost and the mean cost for the rest of the employees has fallen compared to 2021, mainly as a result of Jubilee redemptions and the recording of one-time grants in accordance with the 2021 wage agreement.

The ratio between the average cost of compensation of the senior officer¹ group and the mean cost and average cost of compensation of all employees



	2022		2021		2020	
	Ratio of mean cost ²	Ratio of average cost ²	Ratio of mean cost ²	Ratio of average cost ²	Ratio of mean cost ²	Ratio of average cost ²
Discount Bank	9.40 times	8.20 times	7.67 times	7.25 times	7.82 times	6.96 times
MDB	6.40 times	4.50 times	6.20 times	4.32 times	4.62 times	3.62 times
ICC	10.68 times	7.35 times	8.52 times	5.94 times	6.29 times	4.73 times

Notes:

- 1 Chairman of the Board, President & CEO, members of Management, Internal Auditor.
- 2 For the remainder of the employees and contract workers.

Maintaining the rights of employees at the principal subsidiaries

Prevention of sexual harassment at the principal subsidiaries

MDB

Each new employee (of whatever gender) beginning work at MDB has to study the learning regarding prevention of sexual harassment and must read and sign the Articles of the company in this matter. The principal provisions of the Law are posted on notice boards, on which are also posted the names of the officers in charge of handling complaints. The Articles are also published on the internal portal of the bank. Any complaint or clarification in this matter is handled discreetly and with complete attention in an optimal and quick manner to the extent possible. In cases where sexual harassment is found punitive sanctions are taken accordingly. Moreover, MDB has appointed a responsible officer in accordance with the Law, who takes charge of the inquiry and submits conclusions and recommendations to the VP Human Resources, who serves also as the representative of the employer for the purpose of taking decisions in the matter.

In 2022, one complaint was investigated relating to a female outsource worker who was assigned to work at one of the Bank's units. Although the inquiry that was conducted found that no sexual harassment was involved, it was decided that a clarification and refresher talk should be conducted with the employee at the unit where the incident occurred, during which he would be made aware of the importance of not making statements that might be construed as being of an objectifying or sexual nature and that this needs to be stringently adhered to.

ICC

The officer in charge of prevention of sexual harassment at ICC is entrusted with the inquiry of complaints and submission of

conclusions and recommendations to the VP Human Resources, who serves also as the employer's representative for the purpose of taking decisions. Each new employee (of whatever gender) beginning work at ICC has to study the learning regarding prevention of sexual harassment and must read and sign the Articles of the company in this matter. The principal provisions of the Law are posted on notice boards, on which are also posted the names of the officers in charge of handling complaints. The Articles are also published on the internal portal of the company, and once a year, an all-organizational learning is performed that includes knowledge examination.

In cases where sexual harassment is found punitive sanctions are taken accordingly.

Two allegations of sexual harassment were investigated in 2022. In both cases no complaints were filed. A superior-subordinate relationship was involved in two of the instances. Each of the instances was fully investigated.

Retirement and dismissal at the principal subsidiaries

MDB

The bank's liability for the payment of severance pay to its employees is covered by deposits with severance pay funds and by appropriate provisions.

Preparation for retirement – in 2022 no retirement workshops were conducted at MDB.

ICC

The company's liability for the payment of severance pay to its employees, on the accepted basis of one monthly salary for each year of service, is fully covered by deposits with severance pay funds, by assurance policies and pension funds and by the provision recorded in the books of the company. The part of the severance pay not covered by deposits in a defined deposit plan, as stated above, is treated by the Group as a defined benefit plan (within the meaning of the term in accepted accounting principles), according to which, a liability is recorded in respect of employee rights.

Employee claims relating to labor relations at the principal subsidiaries

ICC

No actions were filed against ICC by employees in 2022.

MDB

In 2022, three claims were filed against MDB by employees. A female former employee of the bank, who resigned, is claiming remedies alleging that she resigned as a result of an improper attitude toward her. A contract worker, who worked at the bank for two days, is suing the manpower agency and the bank alleging that, after two days, he was told to no longer report for work, without any satisfactory explanation being provided. Both of these claims are still being heard. An additional claim relates to a female former employee of the bank whose employment was terminated after she failed to meet the threshold terms to obtain tenure; she is claiming remedies for defects in the decision process concerning her entitlement to tenure and also in the hearing process. The claim was concluded by means of a settlement.

Employee compensation at the principal subsidiaries

Payment in respect of public holidays and sabbatical days at MDB. MDB acts in a similar manner to Discount Bank. Furthermore, hourly workers are granted a standard religious holiday payment (7.75 hours work) on Purim and on the Ninth of Av.

Payment in respect of public holidays and sabbatical days at ICC. The company operates in a reduced format on nine sabbatical days defined in the law as well as on Purim. Working on these days are only the employees permitted by a work permit issued by the Ministry of Economics, to work on the Sabbath. Election Day is also a sabbatical day whenever general elections to the Knesset are held. The said sabbatical days are fully paid to all employees. Payment to monthly employees is made with no reservations. Payment to hourly employees is made only if they were scheduled to work on that day. Employees not of the Jewish faith, who

are off from work on their religious holidays are fully paid for these days if they had elected them as their sabbatical days.

For additional details regarding compensation at MDB see "Disclosure according to the third pillar of Basel and additional information regarding risks - additional disclosure as of December 31, 2022" (pp. 106-113 of the Hebrew version). This report is available for perusal on MDB's website.

For details regarding the compensation plan for the President & CEO of ICC, its employees and managers, see the 2022 Annual Report of the company (pp. 170-173) and the "Additional disclosure according to Pillar 3 of Basel" – 2022 Annual Report (pp. 54-59 of the Hebrew version). The said reports are available for perusal on the website of the company.

Payment in respect of public holidays and sabbatical days at IDB Bank. Generally, holidays observed by the Federal Reserve Bank and certain religious holidays kept in Israel are designated as holidays of IDB Bank when they fall on a working day. The Human Resources Department provides employees with a list of the designated holidays each year, which is approved by the Board of Directors of IDB Bank.

Awards to employees and managers in 2022 in the principal subsidiaries in Israel

MDB

The award in respect of the year 2022 equaled 2.5 monthly salary on an average. The award was paid in 2023, as follows: 1 salary, which constitutes a fixed component. The balance – a differential component, an average of 1.5 salary. In addition, a bonus averaging 1.5 monthly salaries was distributed in 2023 with respect to the rise in the CPI.

ICC

ICC paid an annual bonus for 2022 to its employees and managers in accordance with the compensation policy approved by the board of directors. With respect to 2022, the bonus was paid to all the employees and managers, including officers.

Work on days of rest

In accordance with the Working Hours and Rest Law, employing a worker on the weekly rest days is forbidden, unless permitted by a permit as stated in the Act. Guards and security personnel of the Bank are employed on the weekly rest days according to a general permit issued by the Minister of Labor for the purpose of guard duties on the weekly day of rest. Moreover, the Bank, ICC and a number of companies providing services to the Bank have a special permit from the Ministry of Labor, Welfare and Social Services for the employment on the weekly rest days of computer operators, data protection and standby personnel. The said permit is being extended from time to time in accordance with the terms stated therein.

Investing more in employees

Human resources development

Main measures in 2022

Human resources development and the organizational development at the Bank are derived from the strategic focuses, from the focuses of the annual work plans and from the Bank's organizational culture. Thus, the Bank's ability to successfully address its business and organizational challenges is reinforced.

In 2022, the Bank's human resources development focused on two axes: the first, learning and development – focusing on improving qualifications, personal and professional, and deploying organizational strategic projects; the second, a managers development program – deploying a leadership model and providing tools for managers to implement the fundamentals thereof.

Learning, development and deploying strategic projects. This year also, the Bank continued with the assimilation of a "lifelong learning" culture by means of expanding the range of elective learning topics and the learning

methods in order to improve employees' personal and professional capacities. Among the range of topics on offer were: data story, interface management and interpersonal communication, resilience and so forth. The range also included numerous professional training topics such as: credit, project management, customer relations, etc. The percentage of employees that participated in learning rose to 80% (compared to 76% and 54% in 2021 and 2020, respectively).

Managers' development programs.

The main focus in 2022 was the integration of the leadership model across all the managers' development training sessions and programs. Numerous and diverse training sessions were conducted for managers, with emphasis being placed on the developing and motivating employees, enhancing their commonality of interests and leading change. Furthermore, basic management training courses were held for team leaders, team development, as well as accompaniment and consultation for some 80 managers at different career junctures.

In 2022, a unique training program was created for core managers. The training was developed for the specific needs of this population and was implemented in two training cycles.

A mentoring course was run for the first time at Discount. Intensive training was conducted for 11 managers at the Bank, who have received comprehensive mentoring tools and training and have even undergone an extensive practicum.

In addition, content was created on the leadership site, within the framework of which, tools, articles, video clips regarding leadership fundamentals, etc. are presented. Also developed were leadership capsules – comprising a focused and simple management tool for the manager, the aim of which is to strengthen conduct within each leadership fundamental. In total approx. 750 managers participated in the different development activities.

Key personnel and key positions

The Banks acts to ensure business continuity and compliance with the requirements of the Proper Conduct of Banking Business Directives by means of management and reduction of risk in key positions. At the end of 2020, as part of the preparations for the Bank's early retirement plan, a brief but focused process took place to examine whether there were employees not included within the framework of the original plan for identifying key employees and positions. As a result of this process, seven additional employees were found who needed to be included in the plan. During 2022, all the plans drawn up for handling the gaps were finalized.

Professional training

The study program in 2022 was drafted and implemented to actualize the concept of study as a way of life that supports the organizational culture of personal development and career, and of course with the objective of achieving the Bank's vision and to bring value to its stakeholders.

The work plan was focused on providing a response on three central axes:

- **Maintaining professional qualifications** – Through an extensive process for mapping knowledge and expertise gaps, a needs clarification was conducted in various units and in 2022, for the first time, a pilot process was utilized to map

the personal qualifications of employees engaged in three central core positions: credit coordinators, economists and data analysts. In line with the gaps that were discovered, a training solution has been developed to improve professional and personal qualifications, through emphasis on professionalism in credit, regulatory aspects and the development of personal expertise to cope with the new era.

- **Providing a solution for employee training for the position** – Basic banking training for new employees, focusing on credit positions – business coordinators and business bankers, apprenticeship in entry of a new economist to a position.

- **Providing response and support for strategic projects** – as part of the business strategy and the realization of the vision of "being the best bank for its customers", numerous hours have been devoted to studying and assimilating the customer experience concept in the Banking Division and the concept of collectivity in the Corporate Division, as well as to constructing a study program for the whole Group in connection with the move to the Campus, as part of the Discount Group's preparations for the move to the new Campus.

As part of the process for deploying an organizational culture, diverse study content for self-selection by employees continued to be created in 2022. Professional learning



Scope of professional and managerial training

Data regarding average annual hours of instruction per employee for the years 2020-2022

	2022	2021	2020
Instruction days	*30,141	*26,446	*18,605
Self-study interactions of	21,882	26,218	21,369

* Remote learning and frontal learning interactions. Remote learning in this table and in the below tables is according to an average of three hours learning for every interaction on ZOOM.

Average annual training hours per employee

in the years 2020-2022*

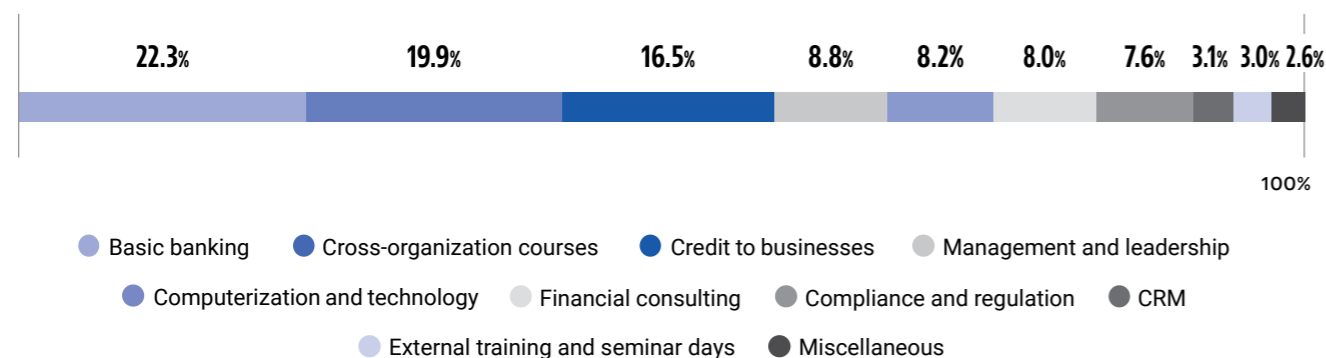
	2022	2021	2020
Average training hours			
clerical staff	30.2	27.6	24.6
manager	46.3	35.4	35.9
total	33	29	26.3

* The data is based upon the number of employees at end of year. The data relates to online and frontal instructions only. An average learning day is computed at 5.5 hours.

Scope of the investment in training

	2022	2021	2020
Scope of the investment in NIS millions	7.4	8.5	6.9

Training days at Discount Bank*



* The data relates to online and frontal instructions only.

environments for specific populations were added to the dedicated learning site for the Bank's employees. A communication program, aided by intra-organizational communications, was introduced to instill a learning culture and to encourage employee development.

In addition, the characterization and implementation of a new learning system has begun, a new module in the existing ERP system, which will assist in improving the employee's learning experience, will bring together all the learning options in a single location, will allow the creation of study communities, and automated study-recommendation system and dashboards for managers that will enable them to track the studies undertaken and to encourage their employees' development.

The measure of the rate of employee participation in learning rose to 80% in 2022. Learning days totaled 30,141, compared to 28,068 learning days in 2021. In addition, independent online learning was conducted, resulted in 21,900 interactions in 2022, compared to 26,218 interactions in 2021.

Nurturing excellence and providing feedback

In accordance with the Bank's strategy, which encourages performance culture and cultivating excellence, several compensation mechanisms have been determined at the Bank intended to appreciate and compensate outstanding employees, who had attained their business goals and awarded high appreciation marks by the annual performance evaluation measures. In this framework, the Bank conducts different competitions, at the branch and regional levels, and Vice Presidents award compensation to outstanding employees at the different divisions, as well as special compensation awarded annually by the President & CEO to a number of outstanding employees, at a festive ceremony held at the Bank, in addition to integration and employee motivation processes conducted on a current basis.



An emphasis on the determination of personal performance goals for all employees was placed in 2022, these being derived from the work plan of the Bank and its strategic focuses. Furthermore, subjects and areas for personal development were defined for all employees. Towards the performance of the evaluation process, the Bank has conducted training sessions regarding the process for approx. 100 managers (of whatever gender), including new evaluation managers, as well as refreshing knowledge sessions for senior evaluation managers.

Feedback interviews – The feedback conversations comprise an annual process forming a most important management tool in guiding and motivating employees. The feedback interview is intended to survey employees' performance and functioning during the past year, to retain and reinforce the strengths and achievements, to identify what needs improvement and to set goals for the upcoming year. At the same time, the feedback conversation is an opportunity for open dialogue with the employees.

Moreover, the methodology for the evaluation process planned to be implemented in 2021 in the Tiltan (Clover) system was tested in the last quarter of 2021 and an adjustment was made as follows: Transition to maintaining separate scales for employees, managers and a leading forum.

To carry out the process, employees are asked to complete a self-assessment form as part of the preparations for the feedback talk, in which they summarize, according to their

understanding, the activity of the previous year and state the goals, tasks and challenges in which they are interested in taking part, from the perspective of the coming year.

Several dimensions are taken into consideration as part of the employees' performance evaluation: meeting the goals of the past year; mapping abilities for improvement and maintenance, that are based on the leadership fundamentals of the Bank; a summarizing verbal assessment for all of the Bank's employees based on the extent to which the annual goals were met, the manner of performance, including realization of the Bank's values and the contribution in relation to the employee's peers in the unit and in relation to holders of similar positions, identifying populations belonging to unique categories, and defining forward-looking goals, including development goals.

The process of employee evaluation was completed at the end of the first quarter of 2022 – a goal directed process with an emphasis on the Discount leadership values and on the dialogue of the manager with each employee as to the short and long terms development directions. Approx. 100 managers had undergone designated training as preparation for the process. Evaluations have been completed in respect of 99% of the employees.

Organizational culture and dialogue with employees

Organizational culture

One of the layers of the Bank's strategic plan is to build organizational strength through deploying a winning organizational culture that supports constant improvement, performancism, excellence, and a high level of connectivity. Accordingly, In the third quarter of 2020, the Bank launched an organizational culture project, within the framework of which an employee experience and connectivity survey is conducted once a year among the employees. The foci for the next work-year are determined in accordance with the results of the survey. In addition, within the

framework of the project, the connection between performance and compensation is strengthened with the aim of encouraging a culture of excellence. In 2022, the foci decided upon concentrated on the following topics: Development of leadership in the Discount spirit, employee experience, connectivity, and development and career. The organizational workplan is defined and executed both at the Bank level and also at the divisional level and is expressed in various management forums, meetings with employees on different platforms, expansion of the learning and development programs and handling the employee experience in various processes.

Internal organizational communication

The Bank is investing in the development of open, two-sided and multi channel communication with its employees, while strengthening their relations and commitment to the strategy and goals of the Bank, as well as to the community and the environment and with the aim of strengthening the connection between the employees and the Bank. With a view of broadening employees' knowledge and understanding as to the Bank's total activities and to promote performance, a variety of communication lines were also used during 2022, including: "Morning magazine" - a weekly television newscast presenting employees subjects standing at the core of the Bank's endeavor.

Communication channels:

- **The FaceBank organizational portal** – the FaceBank portal enables important information to be communicated to employees speedily and immediately and assists in the dissemination of information in a convenient manner. The portal emphasizes the participation of employees in determining the contents and in increasing their involvement in leading change processes.
- **E-mails** – as part of the "Push" communication strategy, important information is sent to all employees by means of emails, since this is a work tool that is in constant use and has high exposure.

- **Communication with the Leading Forum.** Within the framework of the project regarding the organizational culture, strengthening and empowerment of senior managers with a view of improving ability for execution of decisions and projects and the optimal implementation of the strategic plan, it has been decided to establish a leading Forum. The Forum numbers some ninety managers directly subject to VP's, of the grades of wing and department managers. The forum has a work plan of five levels with the duty to advance and handle cross-organization issues, strategic projects and organizational matters. The Forum meets a number of times per year in a workshop format. In between these meetings, CEO updates are held on a monthly basis, and also enrichment and development processes, as well as current updates through a designated WhatsApp group. In addition, work teams have been formed for the removal of bureaucratic obstructions and improvement of processes.

- **Communication with the 400 Forum.** The managers included in this forum are the subdivision heads, department heads and branch managers – a significant population that is responsible for executing the strategic projects. During the past year, emphasis has been placed on training and providing this population with the management tools for motivating employees and for coping with managerial challenges. In addition, a formal channel has been constructed to communicate with this population with regard to material matters and significant organizational processes.

In order to feel the mood, challenges and questions of employees, the Bank holds meetings at various levels, discussion groups and feedback processes, including:

- **"Round tables"** – "face to face" meetings of the President & CEO or of one of the management members with managers and employees;
- **"Management in the field"** – monthly tours

of management members at branches and field units accompanied by senior managers from their head offices.

The "Human resources for you" Center

As part of improving the service in the employee experience, the "Human resources for you" Center provides a professional, uniform and fast response to approaches from Bank employees and Bank retirees. The Center constitutes a central "one-stop shop" to any approach on a human resources matter, including payroll and attendance and deals with them from one end to the other.

The center is accessible through a number of channels:

- A call center that provides a personal response for two hours each day.
- An inquiries model in the "Taltan" system – a system for managing information concerning the Bank's employees.
- A dedicated external e-mail box that is available at all hours of the day for the benefit of retirees and employees that do not have access to the "Taltan" system.

During 2022 some 15,882 approaches were received in the center, of which 4,141 approaches were by telephone and by electronic mailbox, and 11,741 were by the Tiltan system. Approx. 86% of the approaches were with regard to attendance and payroll.

Position Survey

Within the framework of the organizational culture project, an employee experience and connectivity survey has been conducted once a year since 2021 among the employees. The foci and work plan for the next work-year are determined in accordance with the results of the survey. Such a survey was also conducted in 2022 among all the employees, thereby providing a pointer to the level of connectivity and employee experience. The work plan that was drawn up involved employees and managers in the divisions and at the level of the Bank.

Promoting the employees' welfare

Welfare services operated in the Bank

Ever since its establishment, Discount Bank has been known as an organization having special sensitivity to the needs and welfare of its employees. Already in 1976, the Bank began to operate welfare services in an institutionalized manner, becoming one of the first organizations in the economy to do so. The very foundation of the Bank's supportive welfare field is to take a position that positions the Bank as one which sees itself as a partner to the difficulties of its employees and wants to assist them as much as possible in dealing with them.

The welfare services at the Bank serve as a connecting and supplementary link in addition to the community services integrating treatment and prevention in two circles, as follows: assisting the individual - the worker and his family and the development of welfare programs and to groups of employees having a joint interest.

Assisting the individual

The Bank aspires to assist the individual in coping in a better way with his/her problems and needs, so that he/she will be able to function properly both at home and at work, in good times and in bad. In this framework, the Bank employs two social officers who are at the disposal of the employees in providing assistance and treatment in personal, familial, health, economic matters, etc.

Further support channels include:

- Providing information on and referrals to services in the Bank and the community in order to make the most of rights and/or treatment, as needed;
- Preparation of social reports, as a recommendation for the Bank's internal assistance funds;
- Advising the officers in charge in facing difficult situations and special events;

- Accompanying employees in case of death of a first-degree family member, including insertion of an internal obituary notice, sending a funeral wreath and providing a condolence set to the bereaved family;
- Activities, initiatives, various workshops to support and advance the welfare of the individual.

The referral to the welfare services of the Bank is generally done by the employee himself, or by referring parties, such as supervisor, human resources manager in the unit, peers at work, etc. In 2022, the Welfare Unit dealt with approx. 500 inquiries (compared with approx. 750 inquiries in 2021, including support talks with those sick with corona).

- **Managers' involvement in treatment process** – The Bank encourages the involvement of the immediate superior in assisting an employee in distress with the professional support and guidance of the Welfare workers.

- **Treatment of group pressure situations** – Support and assistance in a pressure situation, such as war, terror events, robbery or sudden death of an employee, is accompanied at times by group therapy, which provides a solution for the mutual need or difficulty of a group of employees, simultaneously, in addition to and as a complement to individual counseling. In 2022, seven events of group pressure situations were treated (compared with three events in 2021) and unit workshops were even held on how to cope with loss following the death of an employee.

In 2022, the Bank ran various activities to raise breast cancer awareness; awareness workshops dealing with early detection and self-examination, lectures, announcements and communiqués in the Bank's internal media, including efforts to receive "Pink Badge" certification, which is the recognition given to employers for advancing women's health within their organization, with the aim of raising awareness for early detection

and for creating an organizational climate that encourages regular examinations (the Pink Badge was finally received at the beginning of 2023).

Welfare and leisure programs

As part of the aspiration for the cultivation of the human resources in the Bank and the maintenance of the familial work environment characterizing it, the Bank invests in the welfare of its employees, accompanies them at the significant crossroads in their life, marks personal events and looks after their welfare also outside working hours. In this framework, the Bank gives presents to employees on Holidays, birthdays, weddings, birth of an offspring, Bar/Bat Mitzva, enlistment of employee children, completing 25 years of service, etc. In 2022, similar to previous years, a festive event in collaboration with the representative committee of the employees was held for children of employees starting first grade together with a present (school bag and contents).

Varied enriching and leisure activities – The Bank offers its employees different and diverse after-work activities, workshops and lectures on various and diverse subject adapted to all Bank employees and their families, at different locations around the country. In the first half of 2022, a range of activities took place, some frontally and some over ZOOM, and in their framework approx. 2,700 employees and their family members participated. In the second half of the year, efforts were concentrated on formulating and delineating a progressive and innovative "well-being" approach for creating an attractive work environment and one that will be appropriate for the new work world that will be encountered in 2023 with the move to the Discount Campus.



Promoting health

➤ The Bank views with great importance the promotion and maintenance of its employee's health. As part of promoting this issue the Bank offers its employees the opportunity of medical examinations, participation in sports activities and enjoying healthy nutrition. The Bank also strictly conducts environmental tests in accordance with the law.

Medical tests – 71 employees, retirees, and spouses chose to conduct medical survey tests through the Bank in 2022 (compared with 158 tests in 2021). In 2022, some 217 tests were performed on the Bank's athletes (compared with 227 tests in 2021).

The Bank's employees and family members are entitled to participate in medical and dental insurance arrangements under improved terms. This matter is handled by the Employee Representative Committee.

Sport activities – The Bank has 23 sports teams registered with the Workplace League representing the Bank in different sport competitions. As a sports service, all the sportsmen and sportswomen are required to undergo tests once a year; the tests are financed by the Bank's sports department.

Healthy nutrition – Insistence on employee health includes their nutrition and tests are performed on the quality of the food served in the Bank's units. Likewise, the meals served at the Discount College and at the Head Office units offer dietetic and healthy choices.

Work environment tests – The safety officer of the Bank performs occupational environment monitoring tests, control over performance of occupational medical tests, as well as tests regarding suspicion of electromagnetic radiation stemming from the electricity network or due to air quality in the work environment. These are performed by qualified external entities and by the relevant performance functions at the Bank. Furthermore, the safety officer initiates tests for radiation caused by the electricity network and tests of air quality

following the identification of hazardous factors by safety surveys performed at the Bank's units. In 2022, nine electromagnetic radiation tests and one test to check the existence of radon gas.

Safety in the workplace

Section 41 of the Labor Charter states that the Bank shall adopt all measures required to maintain physical work conditions preserving the health of the employee in his work.

The Bank meets the requirements of the Law and the relevant regulations for looking after the safety of its employees and their health.

The Bank has appointed a safety officer who coordinates the safety and occupational health issue at the Bank. A work program with annual targets is prescribed for the safety officer and the reduction in problems and health hazards is measured against these targets.

Each year, the Bank distributes to all its employees a safety learning, which includes information regarding hazards at the Bank's premises and branches, and inter alia, encourages the employees to identify hazards

in their work environment and report them to the competent functions. The Bank operates a safety test program for the identification of hazards and for providing a safe work environment, as well as maintaining the safety of customers visiting the Bank's premises. Designated employee populations, such as: storekeepers, maintenance staff, etc., have been trained with respect to the unique hazards that are encountered by them.

Within the framework of maintaining the safety of employees in their workplace, the Bank has established a group of safety trustees at the branches and Bank premises, who perform current safety tests at their units. Accordingly, environmental tests are performed from time to time for the identification of hazardous factors, and for maintaining a safe and healthy work environment for Bank employees. Safety events that are reported are examined and investigated and if needed – drawing of conclusions is performed. This, in order to maintain a continuous improvement process in the matter.

The Bank does not have a safety committee. Nevertheless, once every three weeks, the Head of the properties and construction wing conducts periodic discussions on safety matters.



Investing more in employees in principal subsidiaries

Human resources development in principal subsidiaries

MDB

During 2022, the Bank promoted management and leadership training, as follows:

Managerial development

Manager training – During 2022, a process took place to identify managerial potential among some 60 branch employees. This, to ensure qualitative professional/managerial continuity at the Bank, to support the Bank's long- and medium-term planning processes and to develop the managerial and professional capabilities of the employees and managers.

44 branch employees have been trained to form a reserve for "first-rung" managerial positions.

The employees receive training in a variety of fields, such as: leadership and initiating change, innovativeness, self-management, task management and so forth.

New male and female managers received assistance from a tutor manager, as well as being able to seek advice from an organizational counselor. 10 male and female managers received assistance in 2022.

The bank's managers (490) participated in a training program that focused on the skills identified as being needed for the work world of the future.

In preparation for the annual evaluations process, some 20 new male and female managers participated in workshops to gain the tools to obtain significant feedback. In preparation for the development talks pilot, 90 managers took part in a workshop to hone their skills.

Male and female branch managers have participated in a training and development

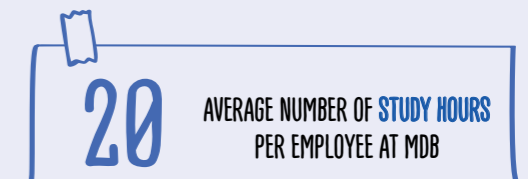
program, with a view of strengthening the feeling of personal development as part of the office, intensifying the bonding feeling, expanding the managerial and organizational viewpoint, develop and strengthen the management skills.

43 branch managers have received guidance on the topic of ethical leadership. All the branch management echelon has undergone a dedicated training course for leading initiatives in the worlds of service and sales.

Furthermore, dedicated lectures have been presented to managers on various topics, including those dealing with professional and computer matters; in addition, managers receive a monthly newsletter which includes content relevant to the current challenges.

Professional development

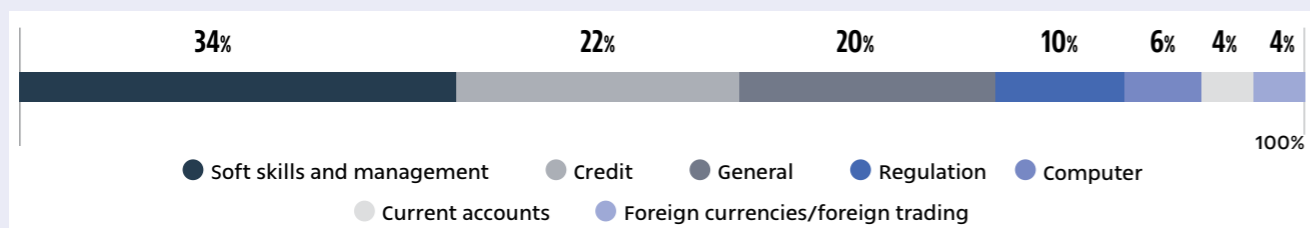
The learning supports the implementation of the bank's business strategy and comprises a necessary layer in the training of employees for their duties and in maintaining their professional qualifications and in improving their performance. Professional development and training are conducted in accordance with the procedures and policy, while maintaining an up-to-date knowledge and internal control, risk management and compliance, required for the promotion of a uniform standard of professional level in aid of providing full service to customers.



Integration of the compliance culture

As part of the support of this process, a variety of frontal and digital learning activities have been conducted in 2022, and self-study monthly mailers at the branches have been developed, from events which were distributed to all the branches, as well as 19 study sessions were held for branch managers, compliance trustees and bankers. In addition, 17 training sessions were conducted for the compliance functions at the units of the bank, with a focus on the branch network.

Training days at MDB - 2022



* Training activities - all training without reference to the process' timespan.

Culture and ethics

During 2022, extensive measures were taken to raise awareness regarding ethics through media campaigns, learning and intensifying the discourse in the branch network and commercial division. The code of ethics was updated following a significant process that included a steering team, a focus group, interviews and an organizational survey.

The banker of the future at MDB

Cross-organizational measures were completed to raise awareness of preparations for the future, in which some 230 employees participated.

The bank's managers have been trained in a dedicated program that focused on the features for future management at MDB. Training sessions have begun for employees to enhance the skills that will be needed in the future.

An infrastructure has been constructed to support processes for the further development of employees; as an aid for managers in their periodic conversations, and guidance was given to managers in conducting development conversations.

Adapting the content of existing training, learning channels and the scope of the training in the relevant professional fields.

In 2022, approx. 30,470 organizational study hours were conducted, of which approx. 27% was through digital learning.*

* Does not include "on-the-job" (OTJ) branch learning and tutorship.

23% of employees participated in frontal training on the various sites of the bank.

The number of frontal instruction hours amounted to 22,360. In addition, 6,030 interactions were made in self-study teleprocessing.

The average number of study hours per employee during 2022 amounted to 20.

ICC

At the beginning of 2022, ICC established the ING School for Contemporary Leadership in order to enable all its managers to refresh, enhance and acquire the qualifications and skills that will make it possible for them to successfully manage and lead their units to success.

Management of ICC believes in the development of the executive echelon. Some 68% of the managers (of whatever gender) of ICC have grown within the company into managerial positions.

The School for Contemporary Leadership operates a variety of programs in order to develop the executive echelon:

➤ **Development program for managers** entering office, as well as for managers (of whatever gender) already in office; in 2022, some 82 managers participated in the program (compared to 41 managers in 2021);

➤ **Optional programs for managers** – enrichment programs, workshops and learning meetings for managers, the aim

of which is to continue and develop and nurture managers (of whatever gender) and provide them with management tools and skills; in 2022, some 383 managers participated (compared to 195 participants in 2021);

➤ **Inspirational content for managers** – in accordance with the transition to this year's challenges, the Corona restrictions and the transition to routine hybrid working, a range of tools have been provided for remote management over a variety of communication channels, such as ZOOM meetings, Inspirational ZOOM lectures with managerial content, tools, kits and tips using an intra-organization app (MyCal) developed especially for this.

Personal development

Personal attention is provided by the organization to managers (of whatever gender) entering managerial positions, as well as in case of organizational changes, as part of the change management process. ICC operates an assistance and support program for managers (of whatever gender) upon entry into a first managerial position, which includes personal attention, an absorption kit and an orientation workshop that reviews all knowhow and professional factors supporting the appointees in carrying out their duties.

In addition, ICC operates assistance for managers (of whatever gender) as support for organizational changes - following the conduct of a diagnostic process, a designated development and training program is devised.

CAL College

An organizational training program for the development and enrichment of the employees, allowing each employee (of whatever gender) to register and participate in a variety of professional courses and training programs suitable to their position and their personal and professional needs. The courses and training programs are advertised on the company's Internet portal and include: technological courses and training programs, proficiency workshops and meetings in matters of process management and knowhow in the credit field. Existing alongside this program is a training program regarding the organization as a whole, covering cross-organization matters, including business projects, regulation and employee duties. In view of the fact that the company focuses on credit, many training programs have been conducted in this matter: strengthening of knowhow and skills regarding the sale of credit within the general representative population.



Employee and manager training inputs at ICC

In hours

Type of training	Population	2022	2021
On entering the position	Managers	32 hours per manager	14 hours per manager
	Employees	8 hours per employee	8 hours per employee
	Representatives*	160 hours per Representative	160 hours per Representative
On the job training	Employees and managers	6.5 hours per person	7.5 hours per person

* A "representative" is defined as one who provides telephonic service to customers (service representatives, service and sale representatives, trading house service representatives, etc.). Representatives receive intensive training for about one month, upon entering this position.

IDB Bank

Professional level employees are sponsored by the bank to complete their continuing education credits to uphold their professional licenses. In addition, there is online training that is required for Compliance and Regulatory purposes and as best practice in the financial industry. Lastly, IDB Bank released an online training system named Udemty to its employees, which allows participation in training courses in different fields of interest. Participation in these courses forms a part of the personal development of the employees.

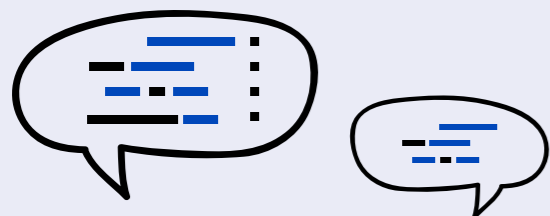
Nurturing excellence and providing feedback in the principal subsidiaries

MDB

The bank grants appreciation and compensation to outstanding employees. The annual promotion of employees includes a differential component which appraises and encourages excellence.

The annual feedback discussions serve as a platform for the evaluation of employees, their performance and commensurate compensation with the aim of encouraging a culture of transparency and dialogue that fortifies the obligation of the employees towards the organization focused on results, and comprises a tool for the identification and nurturing of excellence.

In 2022, an evaluation was made in respect of 100% of employees. Feedback discussions were made in respect of 98% of the employees. As in every year, a conclusion drawing session was held in order to improve the process.



ICC

ICC views excellence with importance and encourages its employees in this respect:

- **Ongoing performance measurement;**
- **An annual and semi-annual employee evaluation process**, which sets professional and personal development targets as well as measurement of performance in the past year (evaluation in respect of the previous year is performed at the beginning of each year. Mid-year discussions are held in the months of July/August);
- **The granting of an annual award based on the annual employee evaluation;**
- **The "Proactive" excellence program** – esteem for outstanding workers of the different departments, and an annual esteem for selected outstanding workers of the company, which includes a gift, public esteem and a luxury trip abroad for the "Proactive" team and an annual recognition program for the company's outstanding employees selected as the "Can-Do Attitude Team", consisting of public recognition and an especially generous gift.

At the end of 2022 - the start of 2023, an annual evaluation and feedback process took place, comprising evaluation and feedback for the past year, a look to the future and assistance in focusing the personal abilities of each individual male and female employee in such a way as to contribute to personal growth and the realization of the company's strategy.

Evaluation of employees was conducted using a form reflecting the skills required from employees and managers for achievement of the strategy and business goals. The annual evaluation and feedback process for 2022 included conversations and provided a summing-up evaluation for 100% of the company's employees taking part in the process (all employees participate in the process, excluding new employees).

IDB Bank

Performance Evaluation – Generally, at the end of each year, annual performance of employees is evaluated by their department supervisor or manager. This evaluation incorporates factors, including, but not limited to, the quality and quantity of their work, attendance and punctuality, their cooperation with the members of the department, and their ability to achieve compliance with Bank rules, regulations, policies and procedures. The evaluation is discussed with the employees and any areas requiring improvement are brought to their attention.

The managers conduct a mid-year performance evaluation, which, inter alia, includes: what's working well, what could be working better and how the employees are performing against their goals.

All new employees (whatever their gender) are initially subject to a probation period of 90 days in order to evaluate their performance during that period.

Incentive Compensation Plans – IDB Bank implements Incentive Compensation Plans to reward employees for their performance.



Position Survey in the principal subsidiaries in Israel

ICC

In recent years ICC participates in the BDI survey "100 Best Companies to Work for". The results of the survey were analyzed according to different sections and an analysis was made of multi-annual trends within the organization and trends as compared with the benchmark of the financial sector in order to identify gaps and concentrate efforts for reducing them, respectively. In the survey that took place in 2021, 57% of employees participated, and ICC was scored in the 41st place. In 2022 62% of employees participated, but the company ratings is yet to be published.

The survey results are presented to the company's Management as well as to all managers, and serve as a basis for preparing a comprehensive plan for dealing with the gaps, both at organization and unit levels. The position survey serves as a supporting tool for managers of the different units in order to introduce improvements both at the personal management level and at the cross-unit matters level.

Organizational culture and dialogue with employees in the principal subsidiaries in Israel

MDB

The Bank ascribes considerable importance to maintaining ongoing communication with its employees and managers. In order to create an organizational culture of open discourse, the Bank takes various paths to broaden and upgrade the extra-organizational communications by means of the employees' portal that is used for knowledge management, SMS messages, emails, newsletters, and ZOOM meetings, while strengthening their commitment and linkage to the strategy and the goals of the bank.

In order to sense the mood, challenges and questions of employees, meetings at various levels, group discussions and feedback processes are conducted, as well as Management field trips and visits to branches, similarly to Discount Bank.

ICC

ICC invests in ongoing and open communication with its workers and managers, in order to increase the sense of relationship between the workers and the organization, their acquaintance with the company's activities and strategy and the strengthening of the bond between them, as part of the advancement of targets and the company's business growth. Ongoing communication includes a variety of means, among which:

- Organization wide visual communication (on computer screens, screen savers and posters);
- The quarterly extended Management forum;
- Section heads conference;
- Hackathons for a common mindset;
- Diverse campaigns such as for the encouragement of internal mobility of employees, launch of marketing campaigns and so forth;
- An intra-organization app that enables

continuous communication with employees from any place and at any time. The app includes the sharing of video clips for religious festivals, employee experiences and accounts, success stories, and important information that can also be shared with the family;

- Employee video clips to promote success in the various units;
- Round-table meetings of employees and managers with the Executive Vice President for Human Resources.

The organizational Internet portal of ICC allows every employee to find all the information regarding the terms of employment, the collective labor agreement, employee benefits and welfare, rules of conduct, current updates, possibility of direct approach to the CEO, and more. The portal includes, inter alia, professional knowhow with respect to the company and its products, a development program for managers and an employee development and enrichment program, managers' portal, open positions and the process of the online submission of candidacy, the employee representative committee website and hundreds of professional information sites. Arrangements have begun to be made in the past year for the conversion of the portal to an innovative and advanced system, which is intended to provide a solution to the employees' needs.

Integration of organizational ethics – ICC views with great importance the maintenance of organizational ethics. The code of ethics of ICC comprises a valued identity of the organization, according to which the employees are required to conduct themselves with responsibility, integrity and in accordance with proper rules of conduct, which serve as a basis for the current operations and the business success of the company.

For additional details regarding the Code of Ethics, see the Chapter "Discount Spirit" and the ICC website.

Welfare activity at the principal subsidiaries

MDB

As regards the individual and the family, the bank invests in annual vacation, finances summers schools during vacations, finances higher education for employees and their children and so forth. In addition, the Employee Committee holds once a year a bonding leisure day for all bank employees, and fun days for bank employees and their families, in an amusement park, noting the children of the workers who are starting first grade and giving them gifts. In addition, Bank employees enjoy subsidized catering services.

At exceptional events (such as outbreak of war) the bank assists and supports employees located in impacted regions by providing psychological support, hotel accommodation where required, and accommodation at other employees of the bank.

ICC

Over and above wage terms, ICC provides diverse benefits and services designed for the welfare of employees and their families.

In the field of the individual and the family, ICC invests in the following fields: annual vacation; running events for employees and family members (events to mark an employee's length of service, events on the occasion of an employee's children going into first grade and departmental team-building events); giving gifts to employees at personal events and religious festivals; giving gifts to employees' children going into first grade and on their induction into the Army; economic assistance in times of need, and so forth. In addition, the employees enjoy subsidized catering services and cafeterias.

Furthermore, in a similar fashion to Discount Bank, ICC accompanies its employees at sensitive moments in their lives and provides assistance on the death of a first-degree relative; it also encourages managers to be involved in the treatment processes and in assisting employees in distress,

as well as providing a psychological support service.

IDB Bank

The bank provides a qualitative program for employee benefits, which includes health, dental, vision, life insurance options, as well as Employee Assistance Programs and various Disability programs, all as governed by the federal law regarding benefits to retired employees (ERISA) and by federal, State and local legislation.

Promoting health at the principal subsidiaries

MDB

MDB employees enjoy a social safety net, which includes a variety of insurances: life assurance for employees and spouses, health insurance, surgery insurance, personal accident insurance, dental care insurance for employees and family members, and loss of work ability insurance for employees. Bank employees of a determined age and seniority are entitled to a comprehensive medical checkup.

MDB invests in encouraging rich sport activities in different fields and it promotes ten sport teams registered with the Workplace League, which represent the bank in the "Sportyada" sport games.

The bank performs tests for the existence of radon gas, as required.

ICC

The handling of safety and hygiene in ICC is similar to that performed at Discount Bank. In addition, routine periodic surveys of work conditions are performed.

ICC employees enjoy significant health benefits, which include periodic medical examinations, medical insurance, and psychological attention. All employees aged 35 and over, with at least one year of service with the company, are entitled to medical tests. In 2022, a Blood Donor Drive day took place. Once a year the company offers employees

a flu vaccination. In addition, ICC operates a workout gym and classes and invests in encouraging a rich sport activity in many spheres. ICC has five teams registered with the Workplace League, competing in different sport competitions, in which fifty employees and managers participate.

Safety in the workplace at the principal subsidiaries

MDB

MDB has appointed a work safety consultant as required under the Organization of Labor Inspection Law, 5714-1954. An approved safety policy exists at the bank and there are procedures and guidelines accordingly. Engineering surveys are conducted at all the Bank's properties, including team training at each property visited, and internal safety checks managed with mechanized monitoring.

As part of his duties, the safety consultant handles the safety, hygiene and fire topic, performs surveys and researches at the branches, provides guidance concerning deficiencies requiring rectification, and ensures that these are implemented in practice.

ICC

The safety field at ICC is managed within the framework of the Logistics and Properties Department. For this purpose, the company has engaged an independent external safety consultant for the current operation of the whole safety field. As part of the company's work plan, mandatory study material on the subject of safety and hygiene is distributed annually to all employees, which includes, guidelines regarding the manner of conduct intended to minimize the number of accidents at the workplace; in addition, emphasis is placed and guidelines provided with regard to working safely and the work environment.

The Company has established a safety committee, which in accordance with Regulations meets at least eight times in each year, reviews the safety reports, uncovers deficiencies and monitors the treatment of safety deficiencies. The safety committee at

ICC is composed of three to four managers, seven to eight employees and the external safety consultant.

IDB Bank

IDB Bank is compliant with all Federal, State and local Laws and Regulations as these relate to safety in the workplace, this includes annual fire drills, emergency evacuation procedures in accordance with the local requirements for all the bank's work sites.

IDB Bank is also compliant with the NYS Safety Guidelines required for COVID-19, and the State of California's privacy requirements regarding employees.



Goals

> Goals presented in the previous Report

	✓ Achieved	Maintaining the number of women in the senior executive grade (Executive Vice Presidents and the senior Management forum) (Executive Vice President reporters at the department and wing managers levels), and striving to increase this number.
	✓ Achieved	10% of the total number of new recruits in the calendar year will be a mix from populations excluded from the labor market (the ultra-orthodox, persons of Ethiopian descent, the Arab society and persons with a disability).
Discount Bank	✓ Achieved	The mix of excluded populations in the total number of Bank employees is to increase by 1% each calendar year.
	✓ Achieved	Integration of the leadership model among the senior Forum – reporting directly to the Executive Vice Presidents.
	✓ Achieved	Structuring of work plans for the implementation and improvement of the employee track, focusing on the employee experience and adaptation to the transfer to the Discount Campus.
	✓ Partially achieved	Continuing the mapping of employees' qualifications to their tasks, with reference to five core tasks*.

* Mapping was conducted with reference to three core tasks.

> Future goals

	Holding another round of the mentoring program
	Maintaining the number of women in the senior executive grade (Executive Vice Presidents and the senior Management forum) (Executive Vice President reporters at the department and wing managers levels) and striving to increase this number.
Discount Bank	10% of the total number of new recruits in the calendar year will be a mix from populations excluded from the labor market (the ultra-orthodox, persons of Ethiopian descent, the Arab society and persons with a disability).
	The mix of excluded populations in the total number of Bank employees is to increase by 1% each calendar year.
	Organizational culture – setting up a belonging group (community) for employees from the Arab society.
	Conducting courses for the various division managements on the topic of mistreatment at work and bullying.
	Deployment of a work methodology with Agile – Designing an appropriate organizational culture through a process of change management and leadership.
ICC	Employer branding and internal communication – Developing a language and internal communication tools suitable for the New World culture.
	Upgrading the existing infrastructures and creating measurement tools capable of assisting in information management, data analysis and value creation.
	Strengthening organizational connectivity – Tailoring the employee experience in the new building to the Agile work culture from the time that an employee is taken on and throughout his employment lifecycle.

06 SUPPLIERS

Promotion of Responsible Procurement 156

Goals 161



SUPPLIERS



Discount Bank views with importance the long-term creation of value for all its stakeholders, among whom are also its suppliers, and therefore the Bank treats them with integrity, fairness, concern and respect



Promotion of Responsible Procurement

> Discount Bank has made a commitment to conducting business fairly and to acting on the basis of professional and personal integrity. Discount Bank views with importance the long-term creation of value for all its stakeholders, among whom are also its suppliers, and therefore the Bank treats them with integrity, fairness, concern and respect.

The Bank strictly honors its agreements with suppliers in good faith, endeavors to prevent damage to integrity, prohibits the granting of benefits and favors, promotes transparency and fair competition, maintains confidentiality and data protection and does everything possible to prevent corruption and improper conduct.

Discount Bank chooses suppliers on the basis of professional, objective and businesslike considerations, while striving for engagement with suppliers meeting the following requirements:

- >** Compliance with and maintenance of the provisions of the law;
- >** Strict observance of legal and fair employment conditions;
- >** Maintaining the quality of the environment;
- >** Having an ethical code and a commitment to its values;
- >** Adhering to the norms and standards described in the Bank's Code of Ethics.

These requirements are backed up by the Bank's code of ethics, and upon placing a purchase order, the supplier is referred to the code of ethics and it is declared before him that the Bank aspires to conduct business with suppliers who comply with the norms stated in the Code. In case of violation of

these principles and non-compliance with conditions, Discount Bank discontinues the engagement with the supplier.

The base of suppliers of Discount Bank includes different suppliers operating in various areas and having different volumes of operation. The Bank purchases products and services on a current basis and in accordance with demand.

Procurement at Discount Bank is mostly performed in a centralized manner for all units of the Bank, by means of the Central Procurement Department, operating as part of the Planning, Strategy and Finance Division. The Department is responsible for the formation of a procurement specification for the internal customers, where required, and for locating suitable suppliers, screening them, obtaining offers, conduct of negotiations, engagement and ongoing servicing of relations with them.

The Procurement Department is responsible for both technological purchases and general purchases, including procurement of manpower services in the technological field. The procurement of buildings or their rental is the responsibility of the property and construction wing, of the Operations and Assets Division.

As part of the department's ongoing operations, existing agreements are re-examined and new procurement requirements are challenged.

The procurement process is fully mechanized, from the stage of setting-up the request and until the stage of issuing the order to the winning

supplier, thereby bringing transparency to the whole process, including the commercial discourse with the suppliers. The making of the information accessible to the functions at the Bank who approve the issue of the order allows an insight at all stages of the commercial negotiations, from the stage of the primary price offer and until the conclusion of the transaction, including an in-depth assessment of the alternatives.

At each conclusion of a commercial process regarding suppliers, and prior to the confirmation of the order, a statement comparing the different alternatives, including a summing-up of the commercial process is being delivered to all functions involved in the matter on the part of the ordering factor at the Bank, as a condition for placing the order.

In 2020, the Bank launched a mechanized service for submission of invoices for payment. This process makes the information accessible to the supplier, presenting to him at each stage with the status of the invoice awaiting payment, as well as upgrades the management and monitoring of payments to suppliers, contributing to the promotion of the goal of a "paperless bank".



Approx.
90.9%
OF THE PURCHASES MADE BY THE BANK are from suppliers operating and employing workers in Israel

Approx.
49.0%
OF THE BANK'S OPERATING AND OTHER EXPENSES excluding payroll expenses, in 2022. A substantial part of expenses, which are not payroll expenses, is in respect of the purchase of products and services from Israeli suppliers — local manufacturers and providers of services and importers of products manufactured abroad

Approx.
2,370
SUPPLIERS with whom the Bank conducted business in 2022, in a total amount of approx. NIS 1.64 billion

Ethical conduct regarding suppliers

➤ Discount Bank approaches suppliers inviting them to submit price offers. The Bank chooses providers of services under bidding processes, while strictly maintaining the confidentiality of the submitted offers, beginning with the identity of the offeror and ending with the contents of the offer, while aspiring to increase the trust of the offeror in the procurement processes.

Already during the bidding stage, the Bank agrees with its suppliers the terms of payment, in accordance with the date of delivery of the goods or services. Furthermore, the Bank strictly adheres to the agreed payment dates, in order to maintain proper business relations and cooperation with its suppliers. It is noted that the payment process is controlled and that it is being conducted in accordance with the commercial terms agreed upon when ordering the products and services.

The content of this section applies also to MDB and ICC.

Fair employment and safeguarding rights of contractors' employees

➤ Within the context of its purchases, the Bank also acquires labor services.

In 2012, the Intensification of Enforcement of Labor Laws Law, 2011 took effect, the aim of which is "to intensify enforcement of labor laws and make them more effective". The Law imposes a broad responsibility on employers, as purchasers of services, for the enforcement and safeguarding of the rights of personnel engaged on their premises in guard, security, cleaning and catering duties. Moreover, the Law prohibits entities ordering services from entering into contracts with contractors where such contracts do not guarantee basic wage terms for the personnel involved.

The Bank strictly observes the fair employment of persons working at its premises and the violation of rights of outsource workers is taken seriously. The engagement contracts with companies providing cleaning and security services comply with the provisions of the law. In the engagement agreements of the Bank with providers of services, the contractors are required to confirm, among other things, that they abide by the provisions of the Intensification of Enforcement of Labor Laws (including youth employment, equal opportunity at work, vacation and rest time, security and safety). Furthermore, upon placing a purchase order, the Bank provides the details of the purchase manager, in case that the supplier wants to complain against conduct that does not abide by the corporate governance aspects of the Bank, as detailed in the code of ethics.

The Bank has appointed an officer to be responsible for this matter and has engaged the services of an independent accountant in respect of monthly sample tests to be performed according to the law. Where deficiencies are found, these are rectified by the suppliers and the Bank monitors the actual rectification thereof.

It should be noted, in particular, that upon changing service suppliers in these areas, a comprehensive examination is performed to ensure that contractors' employees whose employment had been terminated, receive the full rights due to them in respect of their period of engagement with the Bank.

No complaints by contractors' employees were submitted in 2022 to the Bank. No complaints by contractors' employees were submitted in 2022 to MDB and to ICC.

No complaints regarding discrimination were raised in 2022 on the part of suppliers. The content of this section applies also to MDB and ICC.

Social procurement

➤ To the extent possible, the Bank, MDB and ICC engage with parties employing handicapped persons or those with special needs. Furthermore, in accordance with the Group's purchasing policy and subject thereto, preference would be granted to small businesses, to businesses operating in peripheral areas and to local businesses ("Blue White"). The Bank's procurement of gifts for the holidays, for employees as well as for suppliers, is done through suppliers that employ employees with disabilities, whether by packaging or by the creation of the product itself. Individual and welfare gifts are bought from companies and associations that promote the integration of employment of persons with disabilities. As a rule, the Bank stringently endeavors approach suppliers that show an affinity for this topic. In 2021 the Bank purchased sales promotion items and gifts for customers from companies employing handicapped workers. In cases where such items had not been purchased from such companies, the wrapping and

packaging of these items was made by companies that employ handicapped workers. MDB and ICC purchase from associations, such as AKIM, Beit Issie Shapiro and others, at Chanukah and Purim, personal packages of sweets, which are distributed by employees of MDB during their different activities in aid of the community. The total scope of this type of procurement is not material.

ICC has worked consistently over many years with "Hameshakem" Company, engaging it for work suitable for handicapped workers and those with special needs.



Promotion of Responsible Procurement at the Principal Subsidiaries

MDB

Purchases by MDB are made in four main groups: technological purchases – IT, marketing purchases, office premises and maintenance purchases and general purchases. The general purchases are generally made centrally for all units of the bank by means of the administration and payments department of the Human Resources and Administration Division. Most of the purchases are made jointly with the purchases of the parent company. The department is responsible for drawing up the purchase specifications as required by the internal customers, where applicable, finding appropriate suppliers, their screening, obtaining offers, negotiating the purchase, engagement and ongoing servicing of relations with them.

Acquisition of manpower services, including manpower in the technology field, is the responsibility of the Human Resources and Administration Division. The purchase or rental of buildings and the purchase of technology is the responsibility of the Operations and IT Wing. Marketing procurement is the responsibility of the Marketing and Business Promotion Wing.

MDB conducted business in 2022 with approx. 1,200 suppliers, in a total amount of approx. NIS 395 million.



ICC

Purchases by the company are fully (approx. 100%) made in a centralized manner, by means of the procurement department, operating within the framework of the Comptrollers Division. The central procurement at ICC is responsible for technological purchases, general purchases, purchases of property and its maintenance, the rental or purchase of buildings, engaging manpower and consulting services, including manpower in the technology field, credit cards purchase, purchase of sales promotion and marketing services, including advertising and media (excluding payments to customer clubs).

ICC conducted business in 2022 with approx. 1,020 suppliers, in a total amount of approx. NIS 821 million. Approx. 2.9% of total purchases are of foreign origin.

Also at ICC, the submission of offers for transactions in significant amounts is done through a "quasi-tender" process, into a locked box. The time for opening the envelopes is determined in advance and is done in the presence of at least three participants. The contents of the offers are documented in a protocol, and where these are complex and not easily documented in a protocol – the original offers are signed to preserve their authenticity.

IDB Bank

Under the guidance of the CFO, the procurement department is a centralized function at IDB Bank whereby departments will submit a requisition via Oracle for the acquisition of goods and services. Under this model, departments and their designated Vendor Relationship Managers (VRM's) are responsible for submitting a requisition which will then be reviewed and approved through a workflow in Oracle. The workflow aligns to the Procurement Policy approval matrix. The requisition generation process falls exclusively under the responsibility of the procurement department which reports to the CFO.

IDB Bank made in 2022 purchases through 72 suppliers with a total expense of US\$10 million.

Goals

> Goals presented in the previous Report

	✓ Achieved	Replacement and refreshment of approx. 5% of the active supplier pool regarding the construction and properties field.
	Not achieved	Development of a supplier evaluation model.
Discount Bank	✓ Achieved	Continuing the cooperation with suppliers employing workers with a disability.
	✓ Achieved	Continuing strictness regarding integrity, fairness and transparency with respect to suppliers.
	Not achieved	Maintaining a high service-level (SLA) with respect to internal customers.

> Future goals

		Replacement and refreshment of approx. 5% of the active supplier pool regarding the construction and properties field.
		Continuing the cooperation with suppliers employing workers with a disability.
Discount Bank		Continuing strictness regarding integrity, fairness and transparency with respect to suppliers.
		Maintaining a high service-level (SLA) with respect to internal customers.
		Examining procurement activity against ESG goals.



07 DISCOUNT IN THE COMMUNITY

Investing in the community	164
Investing in strategic projects	166
Investing in promoting employment diversity and inclusion	172
Investing in additional projects	173
Impact investments	176
Volunteering in the community	177
Goals	183



Approx.
23.7
MILLION OF INVESTMENTS
IN THE COMMUNITY

Approx.
16,927
HOURS OF
VOLUNTARY WORK

Approx.
94%
OF GRADUATES OF THE "SPRINT FOR THE ACADEMY"
PROGRAM HAVE COMPLETED HIGH SCHOOL STUDIES
WITH A FULL MATRICULATION CERTIFICATE

Approx.
83
DIFFERENT VOLUNTEER
SITES

Approx.
14,000
PARTICIPANTS IN THE "SPRINT"
PROGRAMS SINCE THEIR LAUNCH,
IN 350 CENTERS OF OPERATION

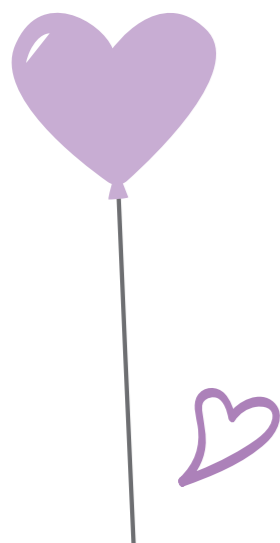
2,459
VOLUNTEERING
EMPLOYEES

The granting of
254
SCHOLARSHIPS ON BEHALF
OF THE NISSIM ALAGEM
FOUNDATION

Approx. US\$
11.5
MILLION - COMMITMENT FOR
IMPACT INVESTMENTS THROUGH
DISCOUNT CAPITAL

DISCOUNT IN THE COMMUNITY

Discount Bank is working for the community with a comprehensive management approach that views the activity for the community as part of the business, social and cultural commitment. During 2022, efforts continued to intensify volunteering and community action in light of the challenges and consequences of the Corona



Investing in the community

> The Bank focuses its activity on social mobility – supporting the social and geographic periphery in Israel through education, knowledge and employment encouragement for work-challenged segments of the population.

As an expression of this concept, Discount Bank operates towards the creation of social and economic prominence, encourages its employees to volunteer in aid of the community, and endeavors to tighten the bond with the community within the framework of collaborations and various projects. This by means of a designated unit within the Human Resources Division.

THE SCOPE OF INVESTMENT BY THE DISCOUNT GROUP IN THE COMMUNITY TOTALED APPROX. NIS 23.7 MILLION IN 2022, AN INCREASE OF APPROX. 20.3%.

The social activity of the Bank in the community is expressed in five layers:

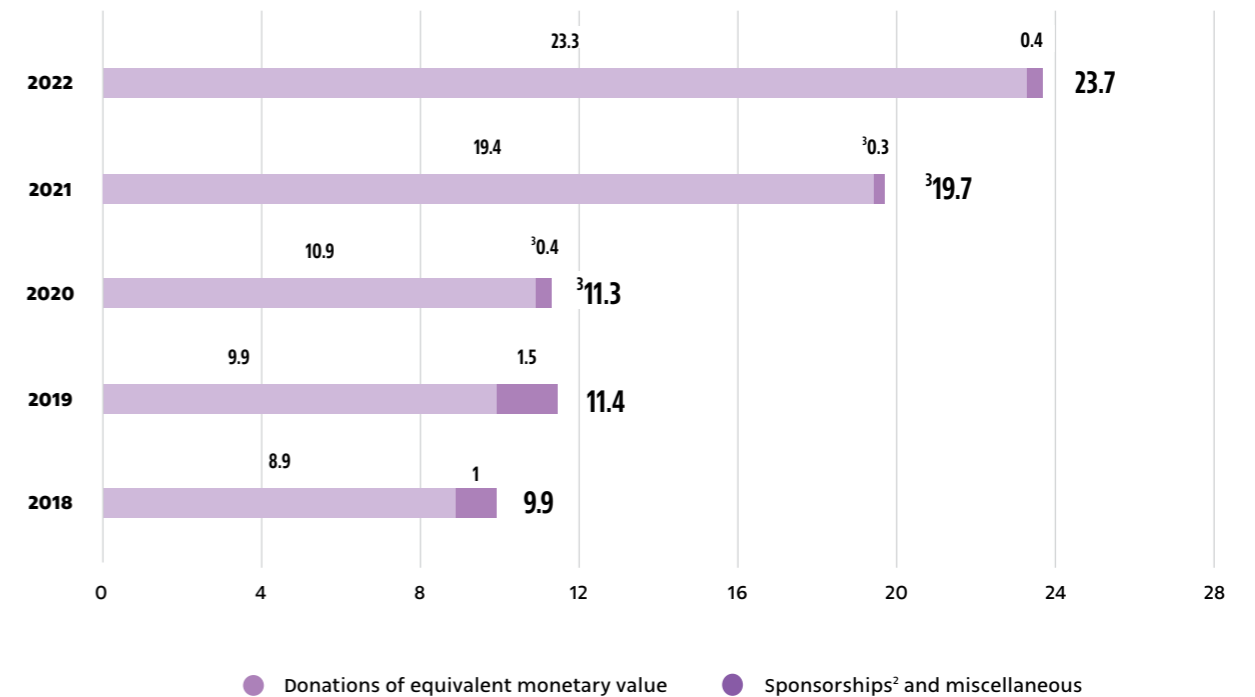
- > Strategic cooperation ("Discount Sprint for the Future" and additional programs);
- > Promoting employment diversity and inclusion;
- > Volunteering in the community;
- > Donations, sponsorships and additional projects;
- > Impact investments.

Discount Bank, MDB and ICC have determined general principles regarding the granting of donations, while maintaining discretion of the subsidiary companies in accordance with their fields of operation.

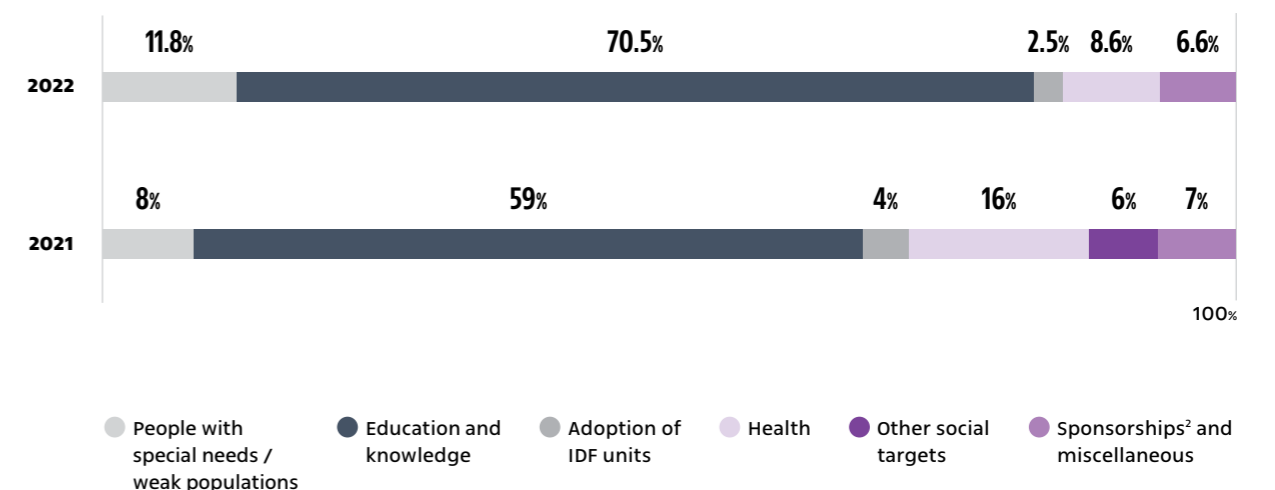
In 2022, the monetary donations budget was increased by approx. NIS 3.9 million, with this

> Continue on page 166

Total of Discount's Group investment¹ in the community in NIS millions



Breakdown of Discount's Group investment in the community



Notes:

- 1 As of 2021 it was decided not to include in the data the indirect expenses - payroll (payroll for staff of the individual, welfare and community department and certain other factors who were directly engaged in environmental, social and governance matters as part of their regular working hours). The data for 2019 and 2020 were restated accordingly.
- 2 Sponsorships for associations and for social purposes only.
- 3 The figure was restated.

> Continue from page 164

being in addition to an increase of approx. NIS 8.6 million in 2021.

For further details regarding the scope of investment in the community, see "Appendices - Community" in Chapter 10 below.

Donations and Sponsorships

The Bank's Management annually allots a donation budget. Among the donations extended by the Bank in 2022, may be noted the donations to the following associations: "Sprint", RASHI Foundation – Cyber Education Center, Darca, Equalizer Goal, Almanarah, Itach ma'achi, Tech Career, Ofanim, Seeing Far, Brothers for Life, JOINT ESHEL, Saviyonim, Great in Uniform, Desert Stars, Krembo Wings, University for the People, Ilay, Oz Shlomo Pre-military College, Ma'ase Pre-military College, "Ezra LeMarpe" Association, Yad Ezer LaHever, Elem Association, Zoharim Village, Lotan Way, Ha'aguda Lema'an Hachayal ("Adopt a fighter"), Leket Israel, and more.

The control over the use of the actual contributed funds and its effectiveness is performed taking into consideration the nature of the project and the amount of the contribution. A high level of involvement and control exists with respect to projects where the contribution is of a significant amount, while the level of involvement and control regarding projects enjoying smaller contributions, is low.

The making of strategic donations by the Bank is accompanied by setting annual success measures, which is done in conjunction with the recipient charity and with "Midot" (Reflecting and Rating of NPOs). During the year, wherever possible, midway measures are received and, at the end of the year, final measures are received and an in-depth dialog takes place to assess goal attainment/non-attainment, the reasons therefor and future plans.

In the Sprint for the Future association, which is the Bank's flagship project, the Bank's current and former representatives serve on the management board.

For every approved donation, a process takes place to examine the feasibility of voluntary activity by the Bank's employees and for cooperative efforts beyond monetary assistance.

In 2022, the Bank donated computers, which had been repurposed by the Bank's technicians, giving them to various associations and institutions and to the disadvantaged.

MDB's Management had decided to donate equipment from the bank's units, which will be surplus to requirements on moving to the Discount Campus, to IDF units, registered associations, and the like.

During 2022, the Bank granted sponsorship to entities and activities promoting goals in areas of community fields and activities in aid of weak populations, as well as in health, cultural, artistic and educational, environmental protection and business. These sponsorships enable the relevant organizations to raise funds for their operations, expose their operations to the general public and pay respect to the factors involved in their operations.

Investing in strategic projects

In light of increasing the community investment budget, the Bank has decided to expand its activity within the context of strategic cooperations, which, until 2021, focused largely on the Sprint project, to partnerships with other organizations. This is being done by way of major investments in focused initiatives, with the aim of creating a significant impact through these investments.

Investing in "Discount Sprint for the Future" Discount Bank's Flagship Project in the community

In 2005, the Bank joined the "Sprint for the Future" Association with a view of advancing education and schooling in the social and geographical periphery in the State of Israel, in favor of the various sectors of

society (Jews, Ultra-Orthodox, religious, secular, Arab, Druze and Bedouins) together with which it launched a program that became the Bank's flagship program "Discount Sprint for the Future". Over the passing years the Bank was an important partner in the growth in the scope of operations and budgets of the Association, assists in the structure of unique projects and partnerships with government agencies, such as the Israeli Ministry of Education and the Israeli National Insurance Institute, and also has founded a student scholarship foundation.

The "Sprint for the Future" Association initiates and operates unique and innovative programs for advancement of education and knowledge, Self-empowerment and for providing tools for social-economic leadership for weak populations of all social segments and strives to integrate them in the academy, in employment and in the society in Israel. The Association operates nine central programs:

"Sprint to hi-tech" – the program prepares newly graduated practical engineers coming from social and geographic peripheral areas, to the technological labor market, in order to integrate them into qualitative positions in the advanced technological labor market. Participants in the program acquire technological tools and skills modified to the present and up-to-date needs of the labor market, that would open the door for them to suitable employment in hi-tech, offering the opportunity of future development.

This year, J.P. MORGAN joined the Sprint for High-tech program and significantly expanded its scope for the benefit of marginalized communities that are not participating in the high-tech labor market. The high-tech industry is considered to be the State of Israel's growth engine and it is of considerable importance that women, the ultra-Orthodox and young people from the periphery are included within the ranks of those working in these sectors, to advance the high-tech industry and to strengthen the State of Israel;

THE BANK JOINED THE "SPRINT FOR THE FUTURE" ASSOCIATION WITH A VIEW OF ADVANCING EDUCATION AND SCHOOLING IN THE SOCIAL AND GEOGRAPHICAL PERIPHERY IN THE STATE OF ISRAEL, IN FAVOR OF THE VARIOUS SECTORS OF SOCIETY

"Sprint for sustainability and the environment" – a program for increasing awareness and explaining the importance of recycling of electronic waste, while advancing and integrating persons having special needs into the employment circle. Participants in the program learn about the importance and benefit of recycling of electronic waste, about the damage and the environmental and health effects of the dangerous materials existing in such waste, and about the need to accept responsibility for the promotion of positive attitudes towards persons having special needs. The program was conducted in some 200 classes in tens of local authorities all over the country;

"Sprint to Excellence" program leads students having a potential for excellence in sciences to obtain a high grade matriculation certificate enabling them entry into leading university faculties (engineering and science). As part of the program, the students are exposed to the worlds of advanced science, conduct experiments in topline laboratories, participate in research, and partake in advanced, innovative programs;

"Sprint to the Academy at high schools" program – A unique and innovative program to direct students toward academic studies while constructing an employment purview in the studied field, already in the high school period. The program offers significant, profession-oriented learning at the high-school, academic and relevant industrial levels, academic accreditation toward higher education and building motivation to become

Sprint program for the Arab society

In 2008, MDB in participation with the Sprint Association, developed a unique program for the promotion of higher education in the Arab society. Within the framework of this program MDB grants annually to students over 100 scholarships for academic studies. MDB sees in this contribution an important pillar in the advancement of education in the Arab society, and in the younger generation in particular.

The scholarships are granted on the basis of socio-economic considerations and on the level of academic achievement, while ensuring geographical dispersion and providing response to all layers of the Arab society. In consideration for the scholarship, students volunteer in providing study assistance to children residing in their area. As a result thereof, 96% of the students improved their academic achievements.

In 2022, MDB expanded its donation and granted 175 scholarships, each of NIS 6,000, at a total cost of NIS 1,050,000 (compared to 175 scholarships, each of NIS 5,000, at a total cost of NIS 875,000 in 2021).

To date, within the framework of the program:

- 8
Approx. **7.5** NIS million has been granted as scholarships to students;
- 114
Approx. **114** thousand hours of community volunteer work;
- 1,450
Approx. **1,450** scholarships have been granted to students from 77 locations who have participated in the program.

part of academia or to join the ranks of those working in the studied profession;

"Sprint to engineers" program leads youth at risk of all segments of society from peripheral social and geographic areas, towards advanced technological and diploma studies; in required fields in the employment market.

The program supports at-risk teenagers in coping with the challenging studies and provides them with professional and personal assistance aimed at preventing them from dropping out, at gaining a diploma and at assisting them in obtaining a work placement in the profession studied.

The program provides a solution to the national need for young people from the periphery to receive quality technological training as engineers and introduces essential sectors into the Israeli employment cycle in the professions needed by industry.

This year, the program has been broadened by bringing MAHAT (the Government Institute for Technology and Science Training) into the colleges and to additional populations. Sprint and MAHAT have approached the tech colleges and have offered them a skills course developed and operated under the Sprint program. The course provides tools for developing motivation, for coping with pressure situations (test anxiety), for effective communication, for preparing participants for the work arena, and so forth. The course has also been introduced in colleges in which the "Sprint for Engineering" program does not operate, thereby providing an answer for additional populations. The program has achieved exceptional success in preventing dropping out and in gaining accreditation and widespread recognition for the model developed by the association;

"Sprint to the Academy" program assists graduates of the programs of the Association to integrate in the Academy. The students receive advice, mentoring and assistance in initial job placement. In 2007 the Bank established a scholarship fund, which grants hundreds of scholarships annually;

"Sprint to public technological service" program provides young persons engaged in National Service a wide cover of professional training and qualification in the computer and Internet fields, in the line of integrating cloud computing systems (Office 365). During their service, the youngsters engage in the communication field at educational institutions. At the end of their service, the program will promote and encourage the participants to continue in their studies and employment in the communication field, and will help them in integrating into the work circle.

The program links the needs of the Ministry of Education and its goals in the communications field to the needs of the young people in the periphery and the needs of Israeli industry and society, through leveraging the National Service platform.

Thanks to the program, there has been a significant rise in the number of participating schools, as well as increased use of Internet platforms and e-learning environments;

"Sprint to industry" – In addition to the aforementioned programs, the "Sprint for industry" program operates, which is designed to avoid the dropping-out of school of youth in distress situations, by leading them to technological and occupational studies and integrating them in the military and in industry. The program has begun as a startup financed by the Bank and later was turned into a national program of the Ministry of Education, with a budget of NIS 60 million, operating in about 200 high schools country wide. The "Sprint" program continues to provide pedagogical response to schools and workshops for personal empowerment in all schools.

All programs of the Association are being accompanied by evaluation and internal control researches that are based upon data of the Ministry of Education, the Ministry for Economic Affairs and schools. A part of these programs are being accompanied by an independent evaluation research performed by the "Szold Institute for Social Research". The results of the research made in recent

years indicate a high level of achievements and compliance with the aims of the Association's programs. The results of the research regarding the "Sprint for Industry" program indicate a clear and proven turnaround in the prevention of the dropout of students at risk from the education system as well as directing them to a professional future in trades and profession required by the military and by industry;

98% of the high school academic programs graduates have integrated into further studies;

90% of the academic graduates have integrated into qualitative professional work.

"Sprint to Excellence"

Over 97% were entitled to matriculation certificates complying with university entrance requirements;

Approx. 89% of the students have completed their high school studies with science-orientated matriculation certificates with an average grade of 85 or over;

53% of which received a summa cum laude award and average grades of over 95.

"Sprint for engineers"

98% of program graduates obtain employment placements in industry;

85% diploma rate, compared to a approx. 60% national average;

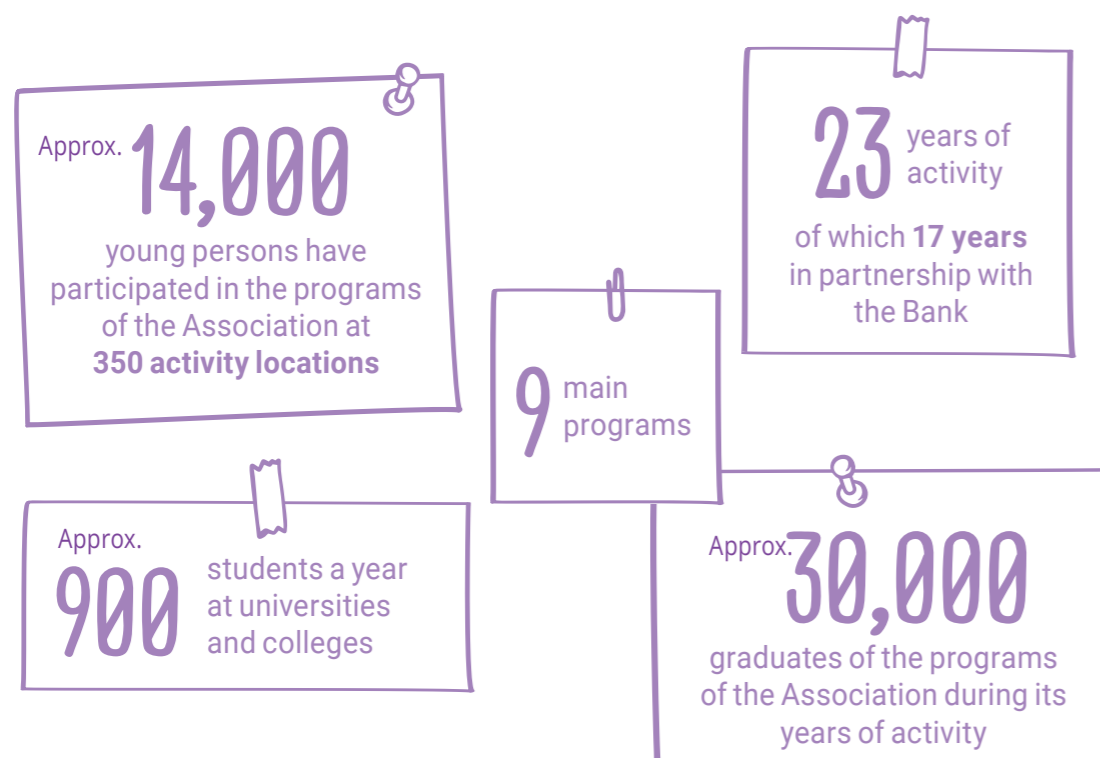
10% average dropout rate in the program, compared to a 35% national dropout rate.

"Sprint to the academy at high schools"

94% finish with a matriculation diploma.

Discount Sprint for the Future General data

as of December 2022



Personal empowerment programs

The Sprint project specializes in developing programs that deal with personal empowerment, employability and career counselling for all segments of the Israeli society. The Association has some 100 coaches that provide a response for every societal segment. During the post-Corona period, a distinct need has arisen among teens and young adults for emotional therapy and professional support in setting goals, stimulating motivation, improving, and enhancing effective inter-personal communications and molding resilience. Through these programs, Sprint works on – among other things – developing 21st century skills.

The late Nissim Alagem Foundation

The Foundation is named after the late Nissim Alagem, who passed away in 2006. Mr. Alagem has worked at the Bank for forty years, serving in his latest office as Executive Vice President, Head of the

Commercial Division. Since the establishment of the Foundation 3,000 scholarships to students have been granted, in a total amount of approx. NIS 15.27 million. The said amount includes both scholarships funded by the Bank and by MDB as well as scholarships funded by private donors who requested that their donation would be used for scholarships granted through the Foundation. In 2022, some 270 scholarships were awarded in a total amount of approx. NIS 1.77 million (including scholarships under the Sprint program for the Arab society), compared to 254 scholarships in 2021 in an amount of approx. NIS 1.3 million.

This year, an emotional and festive scholarship ceremony was held at the Eretz Israel Museum in Tel Aviv and a meeting between a forum of the Bank's senior Management with scores of youngsters from the social and geographical periphery. 40 scholarships were awarded at the ceremony to outstanding youngsters from

the periphery hailing from all segments of society. These young people engage in social activities and give back to the community, and are the face of the future generation of the State of Israel.

The Bank continues to be an important strategic party to both the financial support of the Association and the promotion and advancement of its activities. Representatives of the Bank's Management are members of the Association's executive board and in this framework participate, inter alia, in the design of the work plans of the Association. Employees of the Bank take part in voluntary activity within the Association's programs, including in the adoption by Bank branches and Banks units of schools and youth villages participating in the project, in the accompanying and mentoring of students by senior officers of the Bank ("Mentor Program") and in providing financial education for hundreds of young persons who are participating in the Sprint frameworks. Representatives of the Bank are members of the audit committee of the Association and the Bank's Accounting Division provides accounting and payment services for the Association.

Investing in additional strategic cooperation

"Discount Sprint First"

In 2022, the Bank initiated an innovative and unique program, in conjunction with Sprint for the Future association and the Rishon Lezion Foundation for Promoting Education and Employment, that places emphasis on the advancement of the city's youth.

A three-year program has been developed. In accordance with the needs raised by the foundation for the advancement of the Rishon Lezion's youth, program objectives and goals have been defined in the program for the first year: advancement of 60 youngsters from weak populations and to paving the way for their social-employment integration through the creation of an attachment and a sense of belonging to the community, to the city and to Discount Bank.

The participants in the program receive:

- > Personal development and employment adaptation workshops;
- > Assistance with learning and individual mentoring;
- > A studies scholarship.

DARCA

DARCA is a network of high schools intended to strengthen schools in the geosocial periphery and from various communities in Israeli society. DARCA's activities promote students' success and excellence. The Bank provides support for activities at schools in Ashkelon and Julis, and view DARCA as a strategic project.

INCLU

The association promotes a groundbreaking agenda of kindergartens and schools at which children with special needs and those without learn together, with an emphasis on providing the necessary environment to achieve accomplishments. The children learn to include their classmates. The Bank provides support for the operation of INCLU's educational institutions and for the opening of additional facilities, and view INCLU as a strategic project.

Lishma Association

Development of a reserve of ultra orthodox senior professional women, promoting solutions for social challenges. The Association serves as a greenhouse for the development of responses and comprises a platform for significant social activity, leading crosswise partnerships and initiatives between sectors.

The Lishma program operates at the Haifa University and at the Interdisciplinary Center in Herzliya. The Program is engaged in leading policy change processes, provides theoretical knowledge, professional tools and practical work, with personal development and structuring system management abilities for advancement of solutions for social challenges in the ultra orthodox sector.

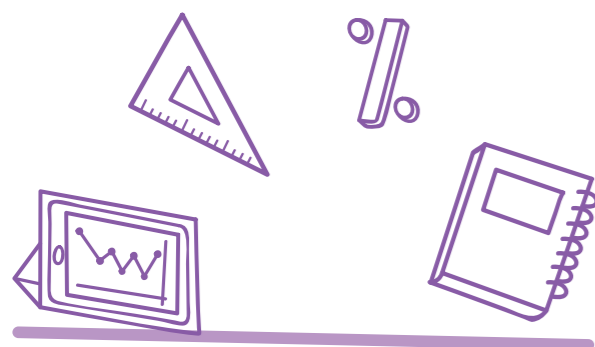
The Bank supports the Association since 2020.

RASHI Foundation

- **The Cyber Education Center** – a program for the cultivation of excellence and the provision of accessibility to professional knowledge and skills in the cyber and computer fields for youngsters from the periphery and marginalized populations, as a lever to narrow social gaps. The Bank provides support for the StarTech and Mamriot (Taking-off) programs, and view them as a strategic project.
- **StarTech program** – an intense experiential program for middle school students intended to increase the number of young persons from peripheral areas who choose to specialize in technological studies. The program constitutes a springboard to computer studies at high school and to service in specialized units of the IDF. The Bank supports this program in the towns of Eilat, Tsfat and Kiriyat Malachi.
- **Mamriot (Taking-off) program** – a three-year excellence program directing young girls into technology studies.

University for the People

The Bank is part of the "University for the People" initiative, within the framework of which the gates of universities (in Tel Aviv, Haifa, Beer Sheva, and Jerusalem) have been thrown open to weaker populations in order to enable them to acquire useful and essential knowledge in fields such as: psychology, medicine, business administration, and law. The lecturers are outstanding, undergraduate students. The participants, aged 18-65, are referred by the welfare and health agencies.



Investing in promoting employment diversity and inclusion

➤ Within the framework of the increasing community investment budget, the Bank decided to invest in projects intended to advance diversity and inclusion in employment: "BoostCamp" – training for employees from the Arab society; Beit Issie Shapiro – training for people with a disability; and, Tech Career – training for young people from the Ethiopian community.

"BoostCamp"

In November 2022, the Bank launched a unique program – the "BoostCamp", a training program for graduates from the Arab society holding degrees in the following fields: finance, economics and management. Participants in the program will be trained for positions in the business divisions – business coordinators.

Candidates for the program undergo a strict selection process. As part of the selection process, the recruiters and the training managers receive training in interviewing and selection techniques appropriate to the target population.

10 trainees are participating in the program (eight from the Banking Division and two from the Corporate Division). The program lasts 18 months and includes training in the banking professions, soft skills, accompaniment and guidance in the business units, all while continuing to work full-time in a professional capacity.

With assistance from 'Co-Impact', 'Kav Mashve' and Matan, more than 100 potential candidates applied for the program.

The training process has been constructed in steps of ever-increasing complexity in the training, and concurrently with practical field experience.

Throughout the entire course, the trainees undergo feedback processes and, at defined

junctions during the course, the trainees' situation is assessed in order to make adjustments, corrections and improvements to the program.

The program provides an answer to a real business need of the Bank, while at the same time making a societal contribution to diversity and inclusion of the Arab population at the Bank.

The program's participants are provided with a broad mentoring envelopment within the units and receive personal and professional accompaniment to encourage their success.

Beit Issie Shapiro

In 2022, the Bank initiated and financed a program for the development of innovative educational and therapeutic services to create change in the social standing of children and adults with various disabilities.

Beit Issie Shapiro has researched the issue of employment for persons with a disability – an improvement in the quality of life of the person with a disability and his integration in the community through an understanding that suitable employment is a major part of his lifecycle, as an involved and active citizen with equal rights. A placement model has been built for a target population of high-functioning young people who currently fall between the cracks (estimated at some 10,000 persons annually), which is based on Beit Issie Shapiro partnering with business/commercial companies to create successful placements. At the base of the model are:

- appropriate professional training – in-house: the company will offer defined positions for employment, will train the participants and will guarantee placement for those found to be suitable;
- a "sense of capability" course and the acquiring soft skills for the employment candidate;
- workplace mentoring and training for the employee's optimal absorption.

"Tech Career" program

The hi-tech field is not accessible to most young people of Ethiopian origin, due to

social and economic differences that prevent them from reaching the required studies and integrate into this field. The "Tech Career" Association made it its target to change this reality, providing young people of Ethiopian origin with an entry ticket to the hi-tech field by appropriate professional training, thus creating a dramatic social leadership for this community as a whole.

The Association operates for the last twenty years, a singular model that had produced many successes.

Discount Bank supports this Association since 2014. In 2022, support of the operations of the Association was significantly increased, in order to enable a larger number of young persons to be trained and to integrate into workplaces of the first line. This year, the Bank's Digital and Data Division even recruited three graduates from the Tech Career program.

Investing in additional projects

OFANIM Association – Equal opportunity for the next generation

Activity in aid of children of peripheral areas, intended to provide them with a future image that includes integration in the advanced employment world by exposing them to new contents worlds in the science and technology fields, increasing motivation for learning and personal empowerment, developing expression and thinking skills and bringing the students nearer the world of higher education. This singular program, jointly with the Israel Institute of Technology - Technion, includes studies in robotics, sciences, physics and more.

OFANIM Academic program – opens the door for children from the Northern peripheral areas into the world of higher education. The program is combined with studies in the mobile laboratory of OFANIM and with the university laboratories of the Technion. An experience having great significance for the participants is the entry into the gates of the academy in itself, studying and undergoing invigorating and inspirational scientific experiences.

In 2022, the Bank's support continued in operating the mobile laboratories in Afula and the OFANIM Academic program.

Michal Sela Forum

The Michal Sela Forum was established in 2020, following the murder of Michal Sela of blessed memory, with a view of preventing the next murder. The Forum acts to save life and to prevent violence against women by means of innovation (Hackathons) and technology, "thinking out of the box", with a focus on explication and awareness of signs of alarm in intimate relations. The target set by the Forum is: zero murdered women in a year. The Association is active on different levels, including Hackathons for the cracking of violence challenges against women using technology.

The Association has established the "Michal Sela Reconnaissance Unit" providing an "iron suit" for women not living with their threatening spouse, where the case is known to the police or the welfare authorities.

During 2022, the Bank significantly expanded its support for the association's activities, both in the area of the "Michal's Watch" project to save the life of threatened women (the Bank's contribution is aimed at protecting the homes of 60 women) and also in the area of the hackathon to develop additional innovative tools.

Krembo Wings

A youth movement leading social change, the first and the only one of its kind in the world, for children with and without special needs. Krembo Wings conducts once a week informal social-educational activities in a model of personal coaching within a group framework. Most of the coaches are youngsters coming from general education. The joint activity contributes to increased awareness for special populations and to social accessibility, while providing response to the emotional and social needs of persons with special needs and their integration into the Israeli society.

In 2022, the Bank continued to support the activity in Lod and in Acre.

Woman2Woman program

For the ninth consecutive year, Discount Bank provides sponsorship for the Woman2Woman program, operated by veterans of the 8200 Intelligence Unit Forum. The program is designed to promote young women having a potential for excellence, by connecting them to impressive and influential women holding key positions in all areas and professions.

During 2022, the Bank, together with the association, organized two conferences: the first at the HerzLilienblum Museum for self-employed women who had graduated from the IDF's 8200 unit and the second for women from the Arab sector in Nazareth.

"Discount Fund" at the "Ezra LeMarpe" Organization

The Discount Fund was established in 2007 as a collaborative effort between the Bank and the "Ezra LeMarpe" Association, and its objective is to provide financial assistance in cases of acute and exceptional medical conditions. Since then, the Fund has operated continuously, including in 2022. Applications for help received by the Bank are referred to the Ezra LeMarpe Association for examination of the case and its various aspects. In cases where the Association approves the request, assistance is given from the Discount Fund in the association.

"Adopt a combat soldier" Project

For the past 18 years, Discount Bank has been a partner in the Friends of the Association for the Wellbeing of Israel's Soldiers "Adopt a Combat Soldier" Project. The Bank adopts "Squadron 916" of the Israel Navy, which is responsible for the security of Israel's southern coast, and the "Tiger" Regiment of the Artillery Corps. The Bank maintains regular contact with the adopted units, supports the said units with a monetary contribution of NIS 100 thousand per year for each unit for the welfare of the soldiers as well as with volunteer work by branches of the Bank located in the areas adjacent to these units.

"Zoharim Village" (Rabbi Grossman Enterprises)

An educational therapy village that was established to accept youth from the ultra-orthodox community, between the ages of 14-18, who are at risk due to being unable to find their place in the regular ultra-orthodox educational frameworks. Students at the village learn practical professions such as: carpentry, agriculture, therapeutic horse riding, etc., and also benefit from an education fostering values and a rich curriculum adapted to them.

Since 2014, the Bank has been supporting an army service preparation course that is run within the framework of the village. In 2022, the Bank's support in the activities was widened. Among other things, the Bank supported the "Voyage to Israeli Responsibility" program – a one week voyage to the roots of Zionism, as well as training course for military service.

Arts

Discount's art collection comprises a fascinating and varied assortment of making over more than fifty years and includes sculptures, paintings, tapestries, video art and photographs.

The collection is managed by an advisory committee numbering four external experts (museum curators and such like) and two representatives of the Bank. The committee convenes several times a year discussing new acquisitions and the structure of the collection. The committee operates since 2004 and its members are appointed on a voluntary basis for a period of three years. In recent years the collection has been mapped and examined by the committee, with emphasis on acquiring works that will complete the collection and represent young artists.

In 2022, one work of art by the artist Nirvana Dabbah was acquired.

The Bank's art collection is considered one of the quality collections of Israeli art and guided tours of the collection are conducted at the Discount Tower. In 2022, the Bank

again arranged art tours and, during the year, 20 art tours were conducted for an audience of some 700 guests comprising art lovers and associations of Friends of the Museums.

In 2019-2022, as part of the preparations for the move of the Discount campus, the Bank donated hundreds of original works of art

PROMOTION AND NURTURING OF ISRAELI ART THROUGH THE ACQUISITION OF WORKS OF ART AND CONDUCTING GUIDED TOURS OF THE ART COLLECTION OF DISCOUNT BANK

and prints to various associations. In 2022, works of art and prints were donated, inter alia, to the following associations: the renovated echocardiogram unit of the Hasharon Hospital, Rabin Medical Center; to the Israeli Spirit established by the Jewish Agency; to Unit 502 of the Israel Air Force; and to the Israel Entrepreneurship Forum for Children and Youth.

In 2022, the Bank continued cooperation with various museums, lending them works from the art collection of the Bank:

- Two works of art by the artist Assem Abu Shakra were loaned to an exhibition at the Ein Harod Museum of Art;
- The work of art "Tribute to Mrs. G." is on loan to the Yaacov Agam Museum of Art in Rishon Lezion;
- The work of art "Canaan, the Promised Land" is on loan to the Moshe Castel Museum of Art in Ma'ale Adumim;
- The work of art "Red Well" by the artist Guy Zagursky was loaned to the Wilfrid Israel Museum in Kibbutz Hazore'a.

Additional activities in 2022

- **"Stage for the Artist"**. The project is intended to support and advance young and senior artists offering exposure within the walls of the Bank. Three art exhibitions were held during the year: The artist Mirit Ben Nun held an exhibition to mark International Women's Day, within the framework of which more than 60 works of art by leading and influential women artists were displayed. The artists Ofer Shomron and Michal Rotman Laor also held solo exhibitions within the walls of the Bank as part of the Stage for the Artist project.
- **"Credit point"** in aid of children and youth in risk situations, a project of the Israeli Spirit established by the Jewish Agency. This year is the tenth year in which the Bank accompanies this exhibition and also holds it within the walls of the Bank. Unlike previous years, Discount Bank contributed to the exhibition some 100 works of art that had for years been part of the Bank's art collection. Within the framework of the exhibition, the Israeli Spirit raised funds totaling approx. NIS 101 thousand from the sale of works of art.
- **The Discount Art Prize for 2022** was granted to the artist Ben Hagari at the Herzliya Museum of Contemporary Art, in support of her individual exhibition at the Museum.
- **The artist Ilit Azoulay**, who represented the State of Israel at the 59th Venice Art Biennale, received the Bank's support for the exhibition.
- **The artist Sigalit Landau**, who is completing two decades of creativity at the Dead Sea, received the Bank's support for her exhibition "The Burning Sea" held at the Israel Museum in Jerusalem.

Impact investments

➤ Impact investments are investments whose purpose is to create a measurable, beneficial social or environmental impact, in conjunction with generating a financial return. In 2018, Discount Capital invested in two impact funds thereby becoming one of the leading investors in this field in Israel.

Bridges Israel Fund

The Fund is associated with Bridges Venture that manages impact investments in a scope of more than US\$1 billion in the United Kingdom and in the United States. The Fund's first "closing", as well as the signing of Discount Capital's investment commitment, took place in March 2018. Discount Capital's commitment of US\$7.5 million is part of total commitments of US\$50 million. Additional investors have since joined the Fund and the final closing of the fund took place in September 2019, in a total amount of US\$77 million and Discount Capital has increased its investment commitment in the Fund to an amount of US\$10 million.

The Fund promotes the advancement of undeserved populations while investing in projects dealing with health and welfare, education and sustainable life subjects. The Fund invests in technology companies developing technological solutions endeavoring to provide response to social or environmental problems, and in corporations operating in the peripheral social and economic regions of Israel. Inter alia, the Fund invested in projects of N-Drip, in the Venn project, in Abraham Hostel, in Nazid Impact Food, in TailorMed, in Softimize and in Agristak.

As of December 31, 2022, Discount Capital's investment in the fund amounted to US\$7.8 million.

12 Angels Fund

The Fund was founded by KamaTech for the purpose of helping ultra-orthodox Jews (Haredi) integrate into Israel's high-tech scene, and particularly into early-stage startups. The investors in the Fund are some 30 of the leading entities in Israeli high-tech infrastructure. In December 2017, Discount Capital signed a commitment to invest US\$0.5 million in the Fund, this being part of the Fund's US\$3.5 million in total commitments.

In February 2022 Discount Capital signed a commitment to invest US\$1 million in a continuing Fund, this being part of the Fund's US\$6.8 million in total commitments.

As of December 31, 2022, the investment of Discount Capital in the Fund and the continuation fund totaled US\$0.7 million.

Volunteering in the community

➤ The Bank sees the volunteering value as a leading organizational value, and strives to increase the scope of its volunteering activities, while encouraging its employees to take part in the different long-term voluntary activities. Many units of the Bank have adopted volunteering focuses, in respect of which they conduct different activities and encourage their employees to participate therein. The voluntary activity of the Bank's employees is diverse, providing assistance and support to a broad range of populations in Israel, including children and teenagers, persons with disabilities, soldiers, the infirm, the elderly and more. In 2022, a wide range of volunteering activities took place, and during this year also, volunteering Bank employees contributed their time and warm-heartedness.

Promotion, encouragement and the widening of the scope of volunteer work at the Bank, conducted by the individual, welfare and community department, includes initiation of projects, long-term accompaniment and the funding of voluntary activities, in cooperation with unit volunteer leaders. As a general rule, all voluntary activities are coordinated with the relevant social organization, in accordance with the special needs presented before the beginning of activity. At the end of the activity, its effectiveness is examined having in mind of additional activities. Concurrently, the Bank employees themselves are involved in selecting the voluntary program.

Starting in 2022, voluntary activity can also be carried out during work hours, after the Bank's Management approved the allocation of three hours of voluntary activity on account of work hours for all Bank employees.

The Bank takes pride in the number of volunteers and in the variety of activities, providing them with a platform through

publications on the different organizational media and is acting incessantly towards the expansion thereof.

Enrollment by Bank employees for voluntary activity was also made in 2022, activities permitting the maintenance of social distancing on the one hand, and on the other hand enabling Bank employees to express their wish to volunteer. Hereunder are several examples:

- **Picking and packing of vegetables in cooperation with "Leket Israel" Association** – Hundreds of Bank employees participated during the year in the picking of vegetables at the agricultural areas of the Association in Rishon Le-Tzion and in packing vegetables for delivery to needy families.
- **Packing and distributing Purim gifts** – Hundreds of Bank employees volunteered to pack and deliver Purim food gifts to weak populations.
- **Collection drives for various products/items** – costumes for the Purim holiday, coats before the onset of winter, and toys collections. The employees' response was tremendous, and all the products collected were distributed through charities that assist children and youngsters, needy families, Holocaust survivors, and others.
- **Schoolbags and backpacks** were collected as part of the social initiative "A school bag for each pupil", whose aim is to forge a link between the citizens of the country through mutual responsibility viewing the general good.
- **The "Baking with Love for the Community" initiative** – which became tradition, took place before the Shavuot festival, within the framework of which the Bank's employees baked and donated some 900 cakes for various associations throughout Israel, which distributed them to different populations, such as: Holocaust survivors, IDF soldiers, at-risk women, children and teenagers, etc.

➤ **Collaboration with "A Different Lesson" Association**, which acts to promote equal opportunity, widening of horizons and development of thinking for children at risk, and to encourage significant involvement by the public in the education system. This activity continued in 2022, and in the framework of which, Bank employees were lectured on banking subjects and self-empowerment to fifth and sixth grade students.

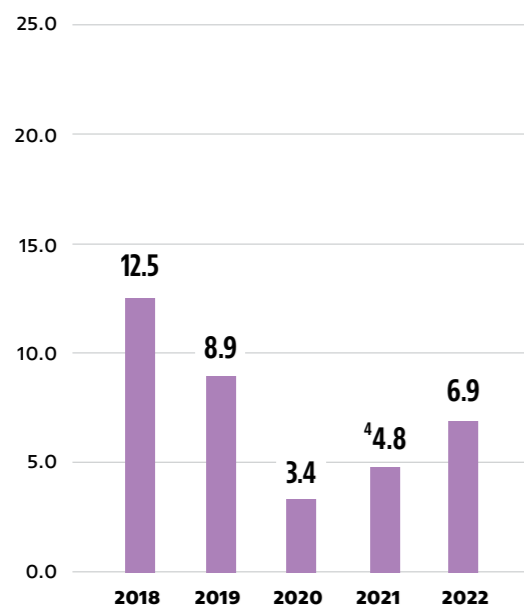
2,459 employees* volunteered in 2022 at different volunteering centers. These volunteers worked at some 83 locations contributing a total of 16,927 volunteer hours*. Approx. 6.9 hours of volunteering on average per employee.

* Calculated out of the total number of employees, excluding outsourcing.

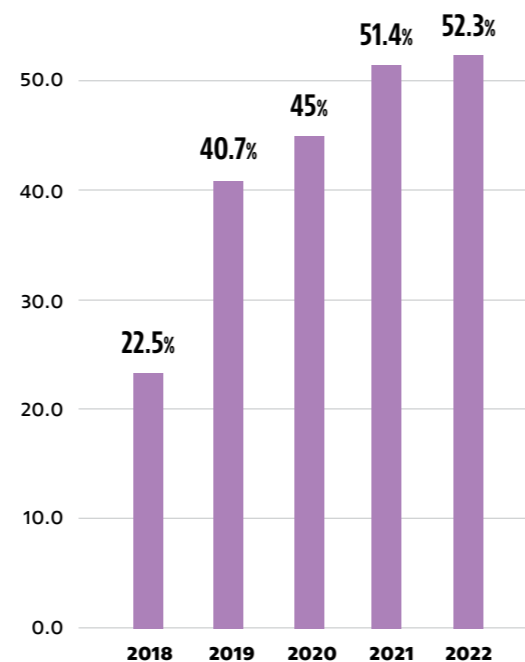


Employee volunteering data

Average Volunteering Hours Per Employee¹



Ratio of Volunteering Employees out of total employees^{2,3}



Notes:

- 1 The calculation is based on total volunteer hours per year in relation to the number of volunteering employees in that year.
- 2 In 2019, the method of estimating volunteer hours was changed, including adding in overhead hours of the Bank's volunteer coordinators and of employees of the labor relations wing who are engaged in organizing the volunteering. Data for the previous years have not been recalculated according to the new method, as it was not practicable to perform the recalculations.
- 3 Calculated out of the total number of employees, excluding outsourcing
- 4 Recalculated.

MDB - involvement in and contribution to the community

➤ The work for the community of MDB is an integral and significant part of its overall activity and organizational culture. The activities in the community are diverse and include financial contributions, sponsorships and participation in community projects, as well as activities of employees in the community.

MDB has chosen to focus on the promotion of education and knowledge, alongside diverse activities in other fields also. This is in pursuit of advancing the future generation and contributing to an advanced and valued society.

The activity includes several central projects:

"Sprint Mercantile" project – MDB has been partnering with the "Sprint for the Future" Association for 15 years. Within the framework of this partnership, the bank donates every year dozens of scholarships for academic studies to students from the Arab community. In return for a scholarship, each student commits to help school students from his/her village with their studies and in preparing for the matriculation exams. For further details, see above under "Sprint Discount".

"Computer for each child" project – For more than a decade MDB has participated in this project involving the contribution of computers, software and instruction for children of low means families from the social periphery. Over the years, the Association has distributed thousands of computers to children and in addition, provided them with software, instructions and study courses regarding the different software. **In the years in which MDB participates in the project, it has donated approx. 2,300 computers.**

"Yad Eliezer" project. MDB has joined the "Yad Eliezer" Association, engaged in providing assistance and support to thousands of families in need (single parent in particular)

in the ultra-orthodox sector. The Association provides support in various fields including education, and in this activity the bank participates. Within the framework of this cooperation, the bank granted in 2022 some 240 of scholarships to mentors of the ultra-orthodox community, who in consideration to the scholarship assist in their studies school children of second to eight grades from these families.

Activity in aid of the community conducted by employees of MDB – Employees of the bank participate in voluntary work, including: distribution of food baskets prior to the major holidays of members of different religions, financial education workshops for teens and young persons, participation in holiday parties at welfare homes, nursing homes, hostels, hospitals, etc. As part of these activities, Bank employees distribute gift parcels purchased within the framework of social purchasing, collecting medication in cooperation with the "Friends for Health" Association, and more.

ICC - involvement in and contribution to the community

➤ ICC sees itself as being committed to giving to the community and invests considerable resources to social work with weak populations within Israeli society. The sphere of social responsibility at ICC is based on two principles: the connection to the core business and the allocation of financial resources along with human resources, by integrating employees' voluntary activities. ICC leads numerous social projects that connect the company's business activities to contributing to the community, through creating partnerships with many associations and social organizations. The aforesaid include the following initiatives:

"ICC is to wish and dream" – ICC's flagship program in the community aligning with ICC's business vision, which emphasizes the realization of dreams, needs and wishes at all times and places. In each year, for the last nine years, employees and managers

of ICC of all divisions of the company, go out to realize dreams and wishes of at-risk children and youth, lone soldiers, the elderly, and Holocaust survivors. ICC joins hands with the Israeli Spirit Association and forms every year an orderly work plan for the formation of dreams for the targeted population and the realization thereof. Until now, over the years, ICC has fulfilled dozens of dreams and has provided a response to the many needs of such populations.

"ICC for a Fair Chance" – a social initiative which intertwines ICC credit card holders together with various merchants and the "Fair Chance for Children" Association. Within the framework of the initiative, a discount is granted to the credit card holder in respect of any transaction made through an ICC credit card at merchants participating in the program, and concurrently, a donation is made to the association. By means of the donation mechanism, the Association enjoys a generous donation flow, which assists in financing housing for graduates of boarding schools, granting of scholarships for academic studies to students, employment plans for integration into the labor market, training and assistance in utilizing rights, and more.

"A Different Lesson" – ICC works to promote equal opportunities in education and participates in the project of the "A different lesson" Association. ICC's employees and managers arrive at schools at which pupils from low socio-economic neighborhoods study, and present series of lessons to the pupils, mostly on matters of financial education, the credit card world and life skills. At the conclusion of the activity and toward the end of the academic year, an "ultimate activity" is held at the offices of ICC, as part of which the pupils are invited for an enriching and experiential tour.

"Round-Up" – ICC participates in the social initiative of the "Round-Up" Association, and thus enabling ICC customer credit card holders to round-up to the nearest shekel the amount of a credit card transaction not in whole shekels, and to contribute the difference to chosen,

close to their heart associations. ICC has worked meticulously to increase the number of round-up cards and encourages its customers to join the circle of donors.

"Savyonim" – ICC works with the "Savyonim – Assistance to Any Person at Any Time" Association, which provides the general public with life-saving services, transportation and a first response in saving lives by means of emergency rescue motorcycles and transport vehicle that operate 24 hours a day, 6 days a week, free of charge. ICC provides the association with financial support that enables ongoing maintenance of the emergency rescue motorcycle that has been in operation for the last six years and provides a first response in numerous emergency situations. Furthermore, within the cooperation between ICC and Discount Bank, the companies provide financial support for the Association, which allows it the annual maintenance of a vehicle, purchased towards the end of the Corona epidemic period, for transporting handicapped old people confined to wheelchairs. The vehicle is used for obtaining medical treatment at hospitals or medical centers, as well as to reach social events. In addition, in conjunction with Discount Bank, a transport vehicle was acquired for the northern region, which will provide extensive assistance to residents of the North.

Assistance to patients and those hospitalized at the Sheba Hospital, Tel Hashomer – ICC in cooperation with the CHABAD House at Tel Hashomer, maintains an assistance and encouragement cart for those hospitalized at the Cancer Center of the Tel Hashomer Hospital. The cart is operated during most hours of the day by devoted volunteers of the Association and under the sponsorship of ICC, who offer, at no cost, foodstuff and hot/cold drinks to those arriving for treatment at the Hospital and their families, and also offer support and a sympathetic ear.



of learning equipment to families in need, the donation of furniture to lone soldiers, the distribution of Chanukah candles to the elderly and sick, and more.

Granting sponsorships and purchasing tickets for fundraising events – ICC supports associations and social organizations by providing sponsorships and the purchase of tickets for fundraising events, to which employees involved in ICC's ongoing social work are invited from time to time. All this with the aspiration of reinforcing employees' sense of belonging and "unit pride".

Discount Capital – involvement in and contribution to the community

"Pitchon-Lev" Association – The association is working to break the cycle of intergenerational poverty in Israel. Discount Capital contributes several times a year to finance food baskets that are distributed before Holidays by the association to families in need.

Friends of Abbarbanel Association – the Association is engaged in helping the Abbarbanel Mental Health Center in promoting initiatives in aid of those being treated there, and in changing the image attached to mental health centers and the attitude towards those who are mentally frail or mentally ill. Discount Capital contributes to the financing of the Association's initiatives, including the establishment of designated activity chambers and the acquisition of instruments assisting those being treated to integrate into everyday life outside of the Center.

The College – social school for women returning to the employment circle – the Association is engaged in the employment rehabilitation of women in prostitution and violence situations, by means of professional training courses in different fields alongside with the creation of self value, feeling of capability and relationship to the community, required for their integration in society

Encouragement of altruistic donations – ICC supports the "Gift of Life" Association, engaged in encouraging the altruistic donations of kidneys and grants sponsorship for the campaign of the Association in producing a series of films photographing heads of departments of hospitals in Israel increasing exposure and awareness regarding kidney transplants. The campaign is broadcasted all through the year in hospitals, on YouTube and on the digital assets of the Association, helping greatly to the raising of funds.

Assistance to families in need – ICC supports needy families with the help of the "Open Heart" Association, which engages in breaking the poverty circle in Israel, and has enrolled company employees for voluntary work of collecting basic foodstuffs. At the opening of the Holidays season, tens of crates full of goodies were delivered by ICC to the Association.

Assistance to women victims of violence – ICC supports the "Women's Spirit" Association engaged in helping women victims of violence, and granted this year sponsorship to the campaign of the Association fighting violence against women. In this framework, ICC held on the "International Woman's Day" and on the "International Day for the Elimination of Violence against Women", lectures to company employees with the participation of representatives of the Association and women victims of violence.

Assistance for the rehabilitation of forests in Israel – ICC is committed to assisting with post-fire reforestation and made a donation to the 'Jewish National Fund' (JNF) to aid with reforestation.

Company employees initiate for the community – The company is open to any employee wishing to offer ideas and to lead social initiatives. ICC assists in advancing ideas through providing budgets and by assisting with the actual work. Of the various activities led by employees, the following should be mentioned: Chanukah parties for the elderly, visits to hospital patients, the distribution

and in the employment circle. Discount Capital contributes to the financing of the Association's activities.

The Far Beyond charity – the new generation of cinema and television creators – the association is an educational and social project whose aim is to find talented young men and women from the lower socio-economic levels and to accompany them over a 10-year journey that begins when they are 16 and ends with them studying cinema and art at institutes of higher education. Discount Capital Underwriting contributes to the funding of the association's activity.

Tafnit - involvement in and contribution to the community

Tafnit Discount Asset Management Ltd. (hereinafter: "Tafnit"), as part of its vision, has set its sights on partnering significant and valued endeavors for the benefit of the community. In addition to making monetary donations and financing community welfare activities, Tafnit places considerable emphasis on the voluntary involvement of Tafnit's employees and managers. The main associations to which the company contributes are presented below:

"The Association for the Advancement of Education in Tel Aviv- Jaffa" (the Jaffa Institute) – The Institute is engaged in providing social services to children in distress, running after school clubs, awarding scholarships, helping Holocaust survivors and distributing food to those in need. Tafnit is involved in helping the Institute from a variety of aspects, such as: awarding scholarships to students who are graduates of the Institute's activities and who come from disadvantaged families, providing a safe and warm framework for children at the Institute's after school clubs in a summer-camps project, and funding basic products for inclusion in packages for those in need at the Jewish New Year and the Passover Holidays. Moreover, participation in producing the Institute's annual Gala Evening,

whose aim is to raise the funds essential for the Institute's activities. In addition to such monetary contributions, Tafnit's employees contribute their time and energy to helping prepare packages for those in need and then distributing those packages to the elderly, Holocaust survivors and to others in need. Tafnit's employees also help in transporting the elderly to cultural centers, where they enjoy enrichment activities.

"Friends of Schneider" – The Friends Association works for the benefit of the Schneider Children's Medical Center in Israel. Its objective is to assist the hospital in everything relating to its development and advancement by means of making donations, financing building projects, purchasing medical equipment, awarding research grants, as well as responding to special needs of the patients population, including advancing the humanitarian topic of helping sick children and their families. Tafnit assists the association in everything relating to monetary donations which advances the association toward its most important overall objective for which it was established.



Goals

> Goals presented in the previous report

Discount Bank	✓ Achieved	Development of a possibility of reporting volunteer hours worked in the Bank's attendance system.
	✓ Achieved	Regulating the possibility of doing volunteer work on account of working hours.
ICC	✓ Achieved	Increasing the number of volunteering employees and increasing the total of volunteering hours of company employees by at least 5%.
MDB	✓ Achieved	Expanding relations with students and with cultural influential circles.

> Goals for the future

Discount Bank	Increasing the number of volunteering employees by 5%.
	Launching a further BoostCamp program for underrepresented populations.
ICC	Establishing a strategic focus for the company's activity in the field of community action.
	Developing a number of volunteer projects to be carried out by the employees.
MDB	Using the organization's resources for the greater good, by means of donating to associations.
	Broadening the connection with the Bank's target segments and the social circles of influence.



08 GREEN DISCOUNT

Policy	186
Management of environmental and climate risks	187
Promoting "green credit" and environmental financing	191
Discount's direct environmental impact	192
Goals	209

The Bank adopted a policy of maintaining the proper balance between business activity and environmental protection and it is committed to present an ongoing improvement in its environmental performances, without compromise regarding the quality of services provided to its customers



All data relate to the rate of change compared to 2021

↓ 6.2%
Paper consumption (tons)

↓ 2.5%
Carbon footprint (in carbon dioxide equivalent tons)

Approx. 3.2
NIS MILLION investment in energetic efficiency projects

2,126
NIS MILLION credit exposure to projects involving solar energy

GREEN DISCOUNT



The Bank endeavors to create a positive impact through environmental risk management and opportunities in its business activities and through savings and efficiencies in its operational routine

Policy

➤ Discount Bank attributes importance and relevance to the subject of the environment, from the social aspect and economic aspect. The Bank endeavors to create a positive impact through environmental risk management and opportunities in its business activities and through savings and efficiencies in its operational routine. The Bank adopted a policy of **maintaining the proper balance between business activity and environmental protection** and it is committed to present an ongoing improvement in its environmental performances, without compromise regarding the quality of services provided to its customers.

Ultimate Objectives

- The Bank is committed to the principle of sustainable development;
- The Bank is committed to preventing environmental damage and ongoing improvement in contribution to the environment;
- The Bank supports an entrepreneurial and proactive approach to reducing the harmful effects on the environment in the area of assets;
- The Bank continuously examines energy-saving alternatives, in the operation of electrical equipment and air conditioning.

Goals for 2030

- **Financing with environmental value** - Increasing the scope of financing for environmental projects to NIS 12 billion by 2030;
- **Reducing the Bank's direct environmental impact** - Reducing the carbon footprint of the Bank's operational activities by 40% by 2030 (from its 2022 level);
- **Environmental and climate risk management** - The Bank will examine granting credit to companies in the coalmining and coal production sectors provided that a business plan for streamlining and improving environmental performance is submitted.

Environmental activity principles

- The Bank strives to comply with all environmental laws, regulations and governance and received no complaints in 2022 regarding its environmental conduct and no penalties were imposed regarding violation and/or environmental hazard issues;
- The Bank allocates manpower and financial resources to examine and mitigate as much as possible its direct and indirect environmental impact;
- The Bank integrates environmental risk management within its business activity;
- Environmental and climate risk management has been defined by the Risk Management Division;
- The Bank is committed to identifying the environmental impacts in the construction and properties field. The Bank's Management appointed a senior officer, the manager of the construction and properties group, who reports directly to the Head of the Operations and Assets Division;
- The Bank strives to involve its employees and the community in its activities on behalf of the environment;
- Within the framework of managing the environment and climate field at Discount, the Bank acts on three planes:
 - Intensifying the management of environmental and climate risks and increasing the transparency with regard to this topic;
 - Promoting green credit and the financing of environment-friendly projects;
 - Reducing the Bank's carbon footprint within the framework of its operational activities.

Management of environmental and climate risks

➤ The issue of environmental and climate risk management, receives in recent years, high regulatory attention, due to the understanding that the realization of environmental and climate risks may have an effect on the banking system and in extreme cases may even lead to global and system effects. Different Regulators around the world, among which also the Supervisor of Banks in Israel, began the mapping of operations regarding this issue made by the banking system, as well as in the regulation of the disclosure and risk management obligations in this field.

The Supervisor of Banks views with great importance promotion of the issue of environmental risks and climate risks, and considers the banking corporations as important partners in the move to sustainable economic environment, inter alia, by forming an appetite for environmental risk, credit policy, investments, allocation of capital to "green" finance and investment activity, and more. Within this context, in 2009, a supervisory expectation on this topic was published for the banking system. The Bank regulated the activity on the subject, including as part of the credit policy and the individual credit approval processes.

In December 2021, the Banking Supervision Department published a circular on the topic "Public Disclosure Regarding Environmental, Social and Governance (ESG) Aspects", pursuant to which a bank is required, inter alia, to examine the need to broaden its disclosure regarding the risks existing in this field, to which the bank is exposed. In addition, the Banking Supervision Department is currently drawing up principles for the effective management of climate-related financial risks. Principles are proposed in the draft directive whereby a banking corporation will be required to take action to optimally manage its exposure to climate-related financial risks, based on a statement of principles published by the Basel Committee in June 2022.

Material environmental and climate risk factors

Environmental risks are risks relating to environmental hazards capable of impacting natural resources and ecological systems, with emphasis on compliance with various regulatory requirements in the environmental field. This category include use of hazardous materials, air pollution, waste treatment, overuse of natural resources, etc. Within this category of hazards, such risk factors as the following can be identified:

- **Air, ground or water pollution** – situations in which chemical or biological materials, which do not exist in the natural environmental composition, pollute ecological systems and result in harm to natural resources. These risk factors might result in regulatory or legal sanctions being imposed on the polluting companies, which might be expressed in financial damage or harm to the companies' business continuity. In addition, ground pollution leads to a devaluation of the land belonging to the polluter.
- **Biodiversity damage** – situations in which business or industrial activity harms living beings within a particular ecological system, and affects the habitat of animals, particularly protected species and species threatened with extinction. The biodiversity damage might result in the imposition of significant regulatory, monetary or other sanctions to the companies causing the damage.

Climate risks are a separate category of risks, which are mainly the effects of climate changes and their ramifications on the activities of various organizations. Climate risks are customarily divided into two main groups of risk factors – physical risks and transition risks.

While the banks have already been managing environmental risks for a number of years in response to local domestic regulation, which is relatively well-developed, climate risks are viewed as being newer risks.

This is due both to the fact that the climate crisis is a developing crisis, whose impact is ever increasing from year-to-year, and also to the greater complexity in managing this risk (in light of limited regulation and the lack of state databases).

- **Physical risks** – risks deriving from the direct effects of the greater scope, frequency and strength of extreme natural events (acute risks), alongside gradual shifts in weather patterns and geographic changes due to ongoing climate processes relating to climate change (chronic risks). This category of physical risks includes, inter alia, the gradual rise in temperatures, changes in precipitation patterns, the sparsity of natural water sources, land erosion, the rising sea level, increased drought events, extreme storms, fires, heat and cold waves, floods and inundations, etc. These risk factors could cause direct harm to various tangible assets, such as land, buildings and commodities (due for example to storms, fires or floods). In addition, they are also expected to affect companies' business continuity in different ways.
- **Transition risks** – risks deriving from how organizations are expected to be affected by the global transition to a low-carbon economy, within the framework of battling climate change. This transition includes changes in policy and regulation, technological changes and changing consumer preferences. In addition, these changes are expected to lead to significant effects on the availability and prices of commodities, products and raw materials, and therefore the transition risk has a material effect on the market risk.

Most of the Bank's exposure to environmental and climate risk factors results from those risk factors to which the Bank's customers are exposed. Hence, as one of Israel's leading banks, whose activity reflects the face of the Israeli economy, the Bank's environmental and climate risk profile is similar to the risk profile of the Israeli economy as a whole.

Corporate governance structure

➤ The Bank is currently in the process of defining the corporate governance for the management of environmental and climate risk. The aforesaid includes the establishment of a climate steering committee, including representation from the heads of the strategy, risk management and business divisions, which will be in charge of leading, integration and planning for this field at the Bank, of defining the levels of responsibility of the Bank's various organs and divisions and of defining the involvement of the Board of Directors.

Management of environmental risks involved in extending credit

➤ The Discount Group implements a policy according to which examination of environmental risk comprises a layer in all the risks examined by the corporation upon extending credit and in the ongoing management of the credit. Within this framework the Bank operates in accordance with the guidelines of the FDIC²¹ and the FED.²²

The aim of the policy is to identify high-risk borrowers and to take relevant decisions in relation to instances in which the risk is predicted to be material (having a high probability of materialization and for which, at the time of the potential materialization, the credit loss would likely be material).

Within this framework, a process has been defined for evaluating the level of environmental risk and the quality of the risk management of the business customers at the time of granting the credit and at the time of the periodic evaluation of the customers' quality, giving separate consideration to customers having a high potential for environmental risk. Monitoring the credit risk that is exposed to material environmental

risks is performed regularly throughout the year. Currently, all the aforesaid is done at the individual transaction level.

The financing agreements signed by the Bank require customers to declare that they operate and conduct their businesses in accordance with the provisions of the legislation regarding the environment, and that they commit to continue doing so all through the period of the loan. Furthermore, customers undertake to inform the Bank immediately upon receiving notice of any action brought against them regarding the environment, as well as of any circumstances that may constitute violation of any of the environment laws.

As part of the management of environmental risks involved in extending credit, the Bank has identified economic sectors having a high potential for environmental risks, among which are: credit financing the purchase of land or financing a real estate construction project; the heavy and light chemical industries; the food industry; manufacturing/quarry of building material; production and refining of oil and natural gas; refuse treatment plants; the textile industry; paper mills; and the distribution of hazardous materials.

In respect of corporations included in the above sectors, the financing agreement includes an additional item regarding the management of their material environmental risks. This, with the aim of raising awareness of the customers to the issue of protecting the environment and hedging of the environmental risks of the Bank as part of its credit granting activity.

In addition to that, the Bank conducts, once a year, an examination of customers, in which they are queried regarding compliance with regulatory requirements, and it is clarified as to whether environmental hazards exist and what are the measures applied by the customers in confronting such hazards.

²¹ The US Federal Deposit Insurance Corporation.

²² The US Central Bank.

With respect to loans exceeding NIS 50 million in sectors having potential for high environmental risk, or NIS 100 million in sectors having lower risk potential, customers have to complete a questionnaire assessing the environmental risk.

Furthermore, in cases of large credit transactions having potential for environmental pollution, the Bank, at its discretion, requires performing an environmental survey by an independent company specializing in the identification and assessment of environmental risk factors, with the aim of examining the environmental risk involved in the operations of the borrower and the extent of his compliance with the relevant Regulations.

The process of assessing the credit risk of the Bank's business customers embodies most of the marginal impact on the credit risk that is expected from the implications of the environmental and climate risks. Without derogating from the aforesaid, the new rating processes that are being developed (most of them in 2023) will also include, for the relevant populations, a direct reference to the degree of the customer's environmental risk and this will be embodied in the credit risk assessment.

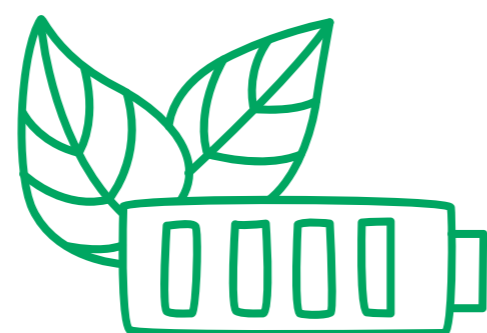
After many years during which the Bank had stringently managed the environmental risks in its credit activity, in accordance with the regulatory guidelines, at the end of 2022, the Bank began a process of constructing a layout to manage climate risks. This process began with conducting a comprehensive survey of the gaps between the leading global practices in the field of managing the climate risks and opportunities in the banking sector and the Bank's activities (in conformance with the TCFD working framework and the manner in which it is implemented in the banking sector). In addition, the Bank is working to formulate a corporate governance structure for climate risk management, to establish measures for identifying the level of risk exposure, and to develop methodologies and tools for identifying, assessing and managing

the risk. All the procedures are performed in accordance with the Bank of Israel's guidelines on this topic, the Basel principles for managing climate-related financial risks, and the leading global practices.

For the purpose of initially identifying the level of exposure to climate risks, the Bank first measures the scope of the credit risk attributable to emission-intensive sectors that are often identified as sectors with increased transition risk. Within the framework of this process, the Bank performed an examination according to economic sector codes and a classification of the fields that are exposed to carbon emissions, with this being based on globally accepted methodologies²³.

Presented below is Discount Bank's rate of credit exposure, as of December 31, 2022, in the sectors identified as having a higher transition risk:

Sector	Credit exposure
Coal, Oil and Gas	0.68%
Electricity Production	1.22%
Transportation and Haulage	1.68%
Chemicals, Rubber & Plastics, Cement and Steel Industries	0.97%
Agriculture (Livestock)	0.17%
Food, Beverages and Tobacco	0.85%



23 In accordance with the definitions accepted by the global working framework – SBTi, PACTA, UNEP FI.

Monitoring environmental and climate risks in the Bank's investment portfolio

In 2021, environmental and climate considerations were incorporated into the investment policy document. In each purchase, consideration will be given as part of the investment considerations to the grade of the ESG index, with a preference for investing in companies producing green products that contribute to preserving the quality of the environment, and/or that have a green production process that protects the quality of the environment. The examination is done according to the ESG index published by rating companies and/or according to another accepted ESG index.

Moreover, limits were set on behalf of the head of the financial markets division regarding environmental and climate risk monitoring, with reference to the level of investment risk and the scope of the investments with high levels of risk in relation to the Bank's overall investment portfolio. Making an investment that exceeds the established limits will require a special discussion.

For further details regarding risk management in the Discount Group, see the 2022 Annual Report (pp. 63-112) and the "Disclosure according to the third pillar of Basel and additional information regarding risks" document for 2022.

Indices and goals

Within the framework of the Bank's management of the environment and climate field, and the aspiration to reduce the Bank's carbon emissions together with augmenting green financing, Discount Bank has set itself two significant goals:

- The Bank will examine the financing of new projects (that are not ongoing activities) in the coal mining and oil production fields, provided that a business plan for streamlining and improving the company's environmental performance is submitted.

- The Bank will increase the scope of its green financing, as part of the credit portfolio, to NIS 12 billion by 2030.

Promoting "green credit" and environmental financing

As part of the overall process of environmental risk management, the Bank offers credit to "green" businesses, everything subject to adherence to the credit granting rules in effect at the Bank, including the examination of the repayment ability of the borrower.

"Green credit" - credit extended for:

- Financing the operations of a company producing green products that contribute to the protection of the quality of the environment;
- Credit to a company that has a green production process protecting the quality of the environment;
- Credit extended for the establishment of a green operation, including the purchase of green equipment (machinery);
- Upgrading of production systems of those protecting the quality of the environment.

Financing in the renewable energy field

In parallel with the Bank preparing for intensified management of environmental and climate risks, the Bank is thereby recognizing that climate change constitutes not just a risk but is actually an opportunity as well. The renewable energy field is a field that is developing in Israel and is even expected to be a major plank in the national emissions reduction targets of the State of Israel. The Energy Ministry has set a national goal of some 30% for the generation of electricity from renewable energy by the year 2040 (as compared to approx. 7% as of the date of preparing this report). The provision of credit for the installation of solar arrays is a field that is both pertinent and relatively significant to the Bank's activities. The Bank

views this, and particularly in the field of renewable energy, as an opportunity to expand credit activity on the one hand, and to support the national effort in reducing emissions and in combating climate change on the other hand.

The Bank has a specific policy for the granting of credit to the solar energy systems field, both to business and private consumers. Among other matters, the processes for granting credit, controls and specific collateral for this field are established within the framework of the policy. In 2022 the Bank began to finance additional projects of renewable energy, including the generation of electricity by wind energy.

The Bank's credit exposure in respect of financing renewable energy projects amounted as of December 31, 2022, to NIS 2,126 million, compared with NIS 890 million as of December 31, 2021. This, in excess of the financing extended by the Bank to corporations engaged in this field.

Discount's direct environmental impact

➤ As a corporation that provides financial services, the Bank's direct environmental impacts result from its consumption of office materials, such as paper and electric consumption – electricity and fuel. Accordingly,

the Bank focuses its efforts on managing, measuring and monitoring and on making savings and increasing efficiency in these areas.

The Bank aspires to mitigate the environmental impact resulting from its activities. Within this framework, the Bank is working on three planes:

- promoting responsible environmental conduct;
- reducing CO2 emissions and improving energy efficiency;
- raising environmental awareness.

Establishment of the Discount Campus and Promoting green building

➤ In 2016, the Discount Group, through Discount Leasing, began to promote the Discount Campus project in Rishon Le'Tzion, in the framework of which, the Group's companies acquired a piece of land of 21 dunums in the city's west. The campus is intended to house the Head Offices of Discount Bank, MDB and ICC, including computer installations of the Group. This project constitutes the principal non-banking investment of the Group for the recent years.

The Discount Campus is planned in accordance with strict environmental standards, while being based on green construction principles

and qualified in accordance with the LEED V4 rating of the U.S. Green Building Council. The planning and execution team strives to obtain the green rating of "Leed Gold". In addition, the Campus will be authorized by the FITWELL standard, an international WELLNESS standard dealing with welfare and health of the building's users. Completion of the authorization process is due to be completed in 2023.

The high accessibility to intercity transport infrastructure, both currently and in the future, as well as municipal investment in infrastructures such as "Park and Ride" parking lots, pedestrian bridges and cycle paths, together with the encouragement of employee car pooling and the integration of cycle and motorbike parking, are all expected to result in a major reduction in the number of private cars. Concentrating corporate head-offices in a single group campus, along with the integration of technological efforts to conduct meetings and training online will bring about savings in both time and energy.

By means of integrative planning work by all consultants engaged on the project, opportunities have been identified for the creation of healthy, convenient and resources saving work environment. Employees would enjoy improved air quality and daylight conditions, and would have a straight-line outside view.

Different garden areas were established at the center of the Campus providing rest and leisure areas to the employees.

Advanced facades are being incorporated in the campus; these facades will include the planning of built-in shading – developed with the assistance of energy and thermal analysis, which allow for the most comfortable thermal and visual conditions in the workspaces, while shading the facades and reducing cooling requirements. Air-conditioning systems were installed that been shown to be among the most energy efficient on the market, and filtration and disinfection measures were also integrated, as well as efficient electricity systems and the planning of energy-saving lighting.

Granting of green credit by the principal subsidiaries

Mercantile Discount Bank

➤ MDB provides from time to time, credit for the financing of solar systems. Following the closing of the merger with Municipal Bank, MDB is providing credit for solar arrays also for local councils throughout Israel.

The scope of the credit in this field of activity amounted to approx. NIS 220 million in 2022, compared to approx. NIS 160 million in 2021, and is relatively insignificant to the Bank's overall operations.

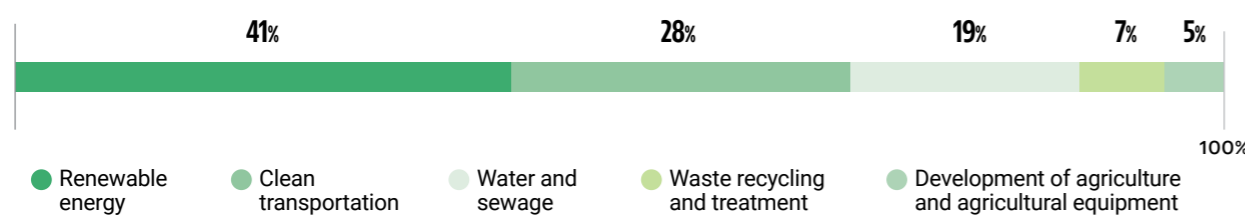
Project financing fund. MDB has been chosen by the State Lottery to finance energetic efficiency projects in an amount of NIS 550 million for the local councils throughout Israel. Until now, loans in amounts of approx. NIS 60 million were extended within the framework of the agreement with the State Lottery.

Energy Efficiency Fund. MDB has been chosen by the State of Israel to operate the Energy Efficiency Fund of the Finance and Energy Ministries, which operated until December 2022. The scopes of credit in the fund were marginal due to the complicated operating mechanism with the state. As stated, the fund ceased activity at the end of 2022. The activity was transferred to a new fund that was opened in December 2022, which comprises a variety of tracks for all the fields. One of the new tracks is a track for financing "renewable energy" and transactions in this field will be financed therefrom. The operating mechanism has been improved and is more efficient and it is assessed that this track will be utilized.



Discount's Environmental Credit

In 2022, the scope of Discount's environmental credit stood at approx. NIS 6.6 billion^{1,2,3,4}



Notes:

- 1 Credit balance as of December 31, 2022.
- 2 In 2022, a methodology was formulated for mapping and classifying credit granted for the promotion of environmental aspects and for the reduction of the effects of climate change, at the level of the economic sector code, in conformance with the green financing principles of the ICMA organization (Green Bond Principles), in accordance with globally accepted methodologies and with the assistance of an external consulting firm. The methodology incorporates an examination of the financing of projects with environmental value and the financing of companies whose activities are largely activities for the benefit of the environment and the prevention of climate change.
- 3 Renewable energies include approx. NIS 2.1 billion for the financing of solar projects and other projects in the field of renewable energies.
- 4 Includes NIS 1 billion for the financing of overseas projects.

The technological infrastructure for control and supervision in the Campus encourages sustainability and efficient use of resources, supports improvement in the consumption of energy and allows the smart operation of the Campus. A designated Application would be in operation at the Campus, modified to the needs of the Group's employees, which alongside the information and multimedia systems would compose the over-all experience of employees at the Campus.

All these measures will result in significant energy savings and the reduction in the campus' carbon dioxide emissions. In addition, emissions recycling infrastructure is being planned for the campus, as well as electric vehicle recharging. Moreover, the unique planning of the project was conducted using the Integrated Design Process method, which included collaborative work between the designers and the construction and operational personnel, so as to identify opportunities and synergies for the creation of a top-quality environment in the project and for setting measurable planning targets.

Finishing-off work at the Campus and preparations for the move of units from the Bank, ICC and MDB reached their peak in the early months of 2023. The certificate of

completion for the Discount Campus was given on January 11, 2023.

The move of the Bank's main computer room to the Campus was completed in the early months of 2023 and employees of the Bank have begun to move over to the Campus.

The move to the Campus is being done in accordance with a multi-stage plan, which is expected to be completed during the course of 2023.

Study of environmental effects in existing buildings

The Bank studies the environmental effects also as regards existing buildings, as a basis for taking decisions in the field of construction and properties:

- The process of choosing and planning the head office and branch buildings integrates green criteria, both in engineering and in the choice of materials;
- Environmental control is conducted, which includes the measurement and monitoring of radiation in the Bank buildings;
- The Bank, has a building which complies with Standard 5281 of the Standards Institute for green construction, at 17, Yehuda Halevi Street in Tel Aviv.



Responsible consumption of resources

Energetic efficiency

➤ As stated, Discount Bank's direct environmental effects are extremely limited, resulting mainly from office operations: the consumption of energy, water, paper, etc. Despite the nature of its environmental effects, the Bank strives to reduce the environmental effects stemming from its operations. In this respect the Bank has adopted measures for increasing the awareness regarding sensible consumption, including the saving of electricity. Inter alia, a monthly report regarding the consumption of electricity is delivered to all unit and branch managers. With the aid of the report, electricity consumption data is brought to the attention of the managers, encouraging energy saving. Furthermore, a summary report is produced half-yearly and yearly, which is analyzed by the properties and construction wing, and insights in respect of which are delivered, where required, to the unit managers at the Bank.

Energy consumption

➤ Discount Bank is taking measures to improve energetic efficiency, to

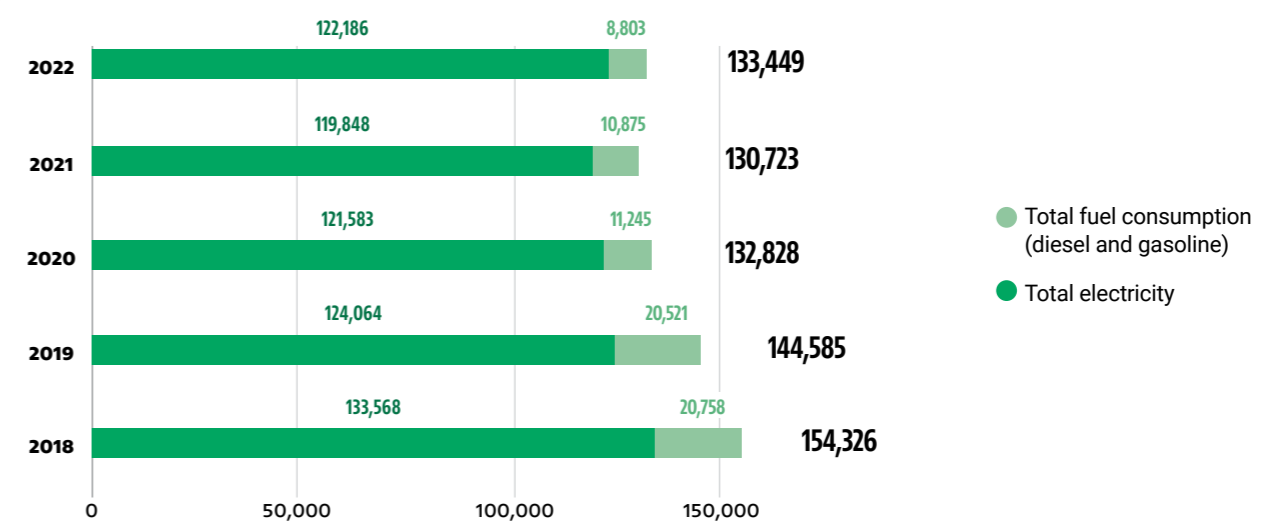
encourage smart consumption and to save electricity. Inter alia, a monthly report regarding electricity consumption is sent to all branch managers and unit heads; the electricity consumption data that they see in this report is an aid in encouraging them to save energy. In addition, a half-yearly and an annual summary report are produced; these are analyzed by the properties and construction wing and the insights arising there from our passed as required to the Bank's unit heads.

In 2022, additional measures were taken to reduce electricity consumption, including:

- Replacement of air conditioning systems at 9 locations of the Bank with advanced VRF air conditioning systems;
- Energetic efficiency of lighting in 7 locations of the Bank through the installation of LED lamps;
- Allotment of approx. NIS 3.2 million for energetic efficiency measures at branches and head office premises.

In 2022, the Bank's total energy consumption¹ amounted to 133,449 GJ.

Breakdown of the consumption of energy¹ from various sources at Discount Bank in GJ,² in the years 2018-2022



Notes:
 1 Discount Bank's total energy consumption is the sum of its total electricity consumption added to the total fuel consumption at the Bank.
 2 GJ - Energy measurement unit (Gigajoules).

Discount Bank has been working over the years to reduce the Bank's energy consumption, however in light of the increase in work at the Bank's "Med-1" backup site (due to the preparations for the move to the Discount Campus) and the heightened activity at the Bank's head office buildings (as a result of employees returning to work following the removal of the corona restrictions) the Bank's electricity consumption increased by approx. 2% compared to the previous year. In addition, during the years 2019-2021, the reduction in electricity consumption was also impacted by a reduction in office space at the head offices and branches (a transition from 145,498 sq.m. in 2019 to 142,163 sq.m. in 2021), while in 2022 the office space at the Bank's head offices and branches was enlarged to 143,469 sq.m., due to the renting of new properties for branches, extensions and offices prior to the return of old office space that will take place only in 2023. Nevertheless, the Bank continues to take efficiency measures in its electricity consumption.

Fuel consumption - employee shuttle service

The Bank provides to its employees a shuttle service available during the whole day (at specified hours), from the 160 Herzl Street location to the Discount Bank building in the center of Tel Aviv, and subsequently for the Discount Bank complex in Simtat Beit HaSho'eva, Tel Aviv.

The growth assessment in savings related to transportation of employees in 2020, stems from the low scale of transportation in 2020, on background of the Corona epidemic.



Replacement of the motor vehicle fleet to hybrid vehicles and travel reduction

Since 2019 a wide range plan is active for the transition to and replacement of the motor vehicle fleet of the Bank to hybrid vehicles combining an electric motor, which allow the reduction in fuel consumption. 12 vehicles were replaced in 2022. During the years 2019-2022, a total of 101 vehicles were replaced. This move is expected to reduce the volume of fuel consumption by the Bank and allow the reduction in carbon dioxide emission. In addition, Discount Bank's travel was reduced from 5,538,895 km to 5,017,040 km, a reduction which comprises 9% from 2021 to 2022.

Paperless Activity

The Bank promotes measures for the reduction in paper consumption, as part of several projects, and with the aid thereof, the Bank managed to reduce its consumption of paper by 6.2% in 2022 (in continuation of a reduction by 13% from 2020 to 2021). In addition, the Bank reduced its purchase of toners in 2022 to 3,464 (a decrease of 21% from 2021 to 2022) and expanded its purchase of electronic equipment to 30,236 units in order to provide a digital response as an alternative to the use of paper.

Digitalization of the archives

The Bank has completed the task of emptying the central archive and the scanning of all its material, and it is now presented in the customer's digital file. This move enabled savings in work and storage space, and reduced the quantity of paper reports produced, as well as a transition to producing digital reports.

The Bank continues to reduce the use of basic documents by way of upgrading the primary agreement with the customer. Furthermore, the scanning of current material is continued. The Bank is completing the scanning at the business centers and at the investment banking.

Computerized forms system

Banking work uses a large number of forms. In the past, the forms were printed in advance, requiring extensive storage space. The

inventory of forms was destroyed whenever they were updated. The Bank switched to a computerized forms system, which enables each employee to print the updated form when needed, while it contains the particulars of the specific customer, thereby avoiding recording errors. This process also saves space for storage of the blank forms, and enables customers to receive faster and more efficient service.

System for managing and distributing procedures and circulars

The Bank has an internal communications network, the "intra-net", which is used in distributing circulars and procedures to the employees, thereby enabling the Bank's procedures to be readily accessed and retained for long periods, while making savings in the cost of printing and distributing circulars to employees.

Discount mail service in the Internet

The Bank contacts its customers and enables them to receive updates about their account activity by means of a secured mailbox on the Bank's website. This process makes it possible to reduce the distribution of notices and letters to the customer's home by mail. Furthermore, the service allows the safekeeping of mail messages and management of a personal archive, where mail may be retrieved during a period of up to seven years. Concurrently, the Bank has conducted the mapping of prevalent notices sent to customers, examining their regulatory requirement, and reduced the number and frequency of such notices.

Envelope savings

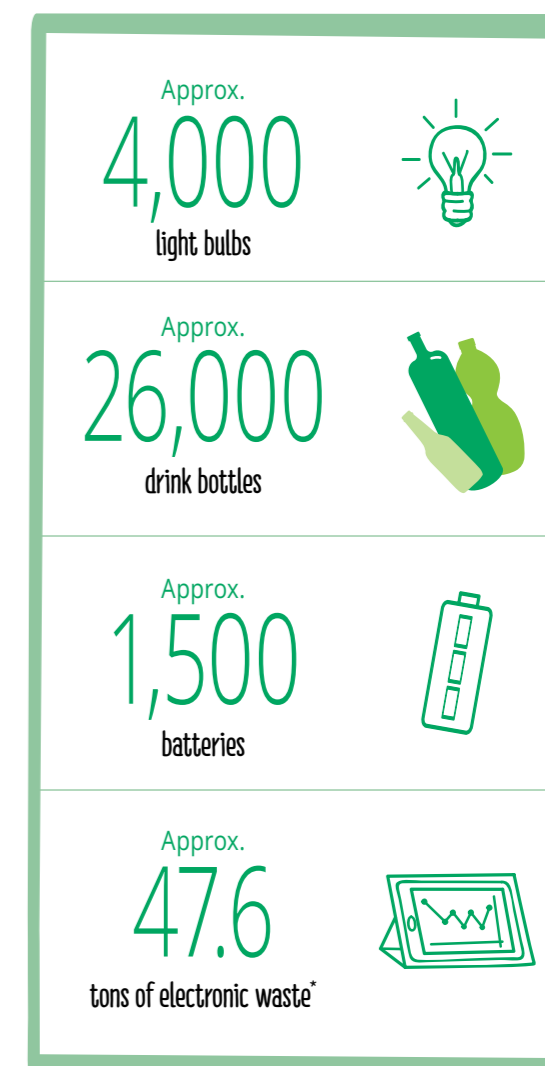
Replacement of inter-office envelopes with multi-use envelopes. In addition, documents sent for scanning are delivered in expendable nylon envelopes as an alternative to paper envelopes.

Use of the "Fax to Mail" software

Cancellation of the need to print fax notices, and the keeping of documents sent to the Bank as computer files.

Recycling and use of recycled materials

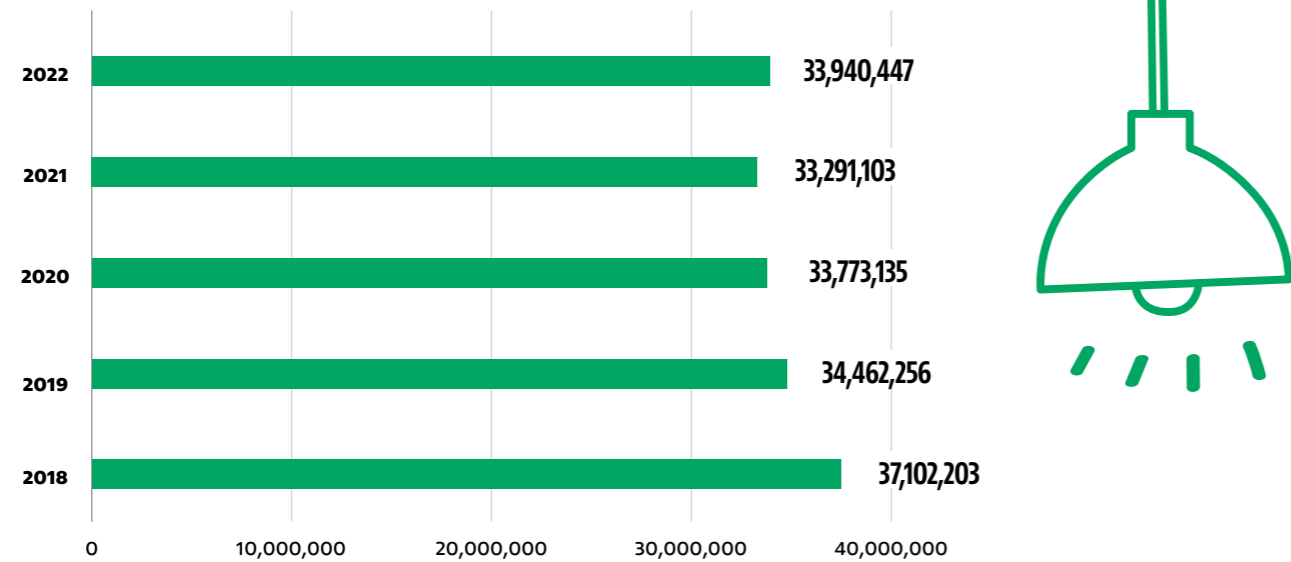
The Bank promotes the recycling of materials by its employees. In 2022, approx. 363 tons of paper were sent for recycling, comprising 100% of the Bank's paper waste. In addition to paper, the Bank sends used light bulbs, bottles, batteries, toners and electronic waste for recycling. In 2022, approx. 4,000 light bulbs, approx. 26,000 drink bottles, approx. 1,500 batteries, approx. 3,100 toners and approx. 47.6 tons of electronic waste were sent for recycling, comprising 100% of the electronic waste at the Bank.



* Discount Bank's fields of activity are not associated with hazardous waste. This notwithstanding, electronic waste is sent to authorized treatment sites, since it is likely to contain hazardous materials, including various metals and gases.

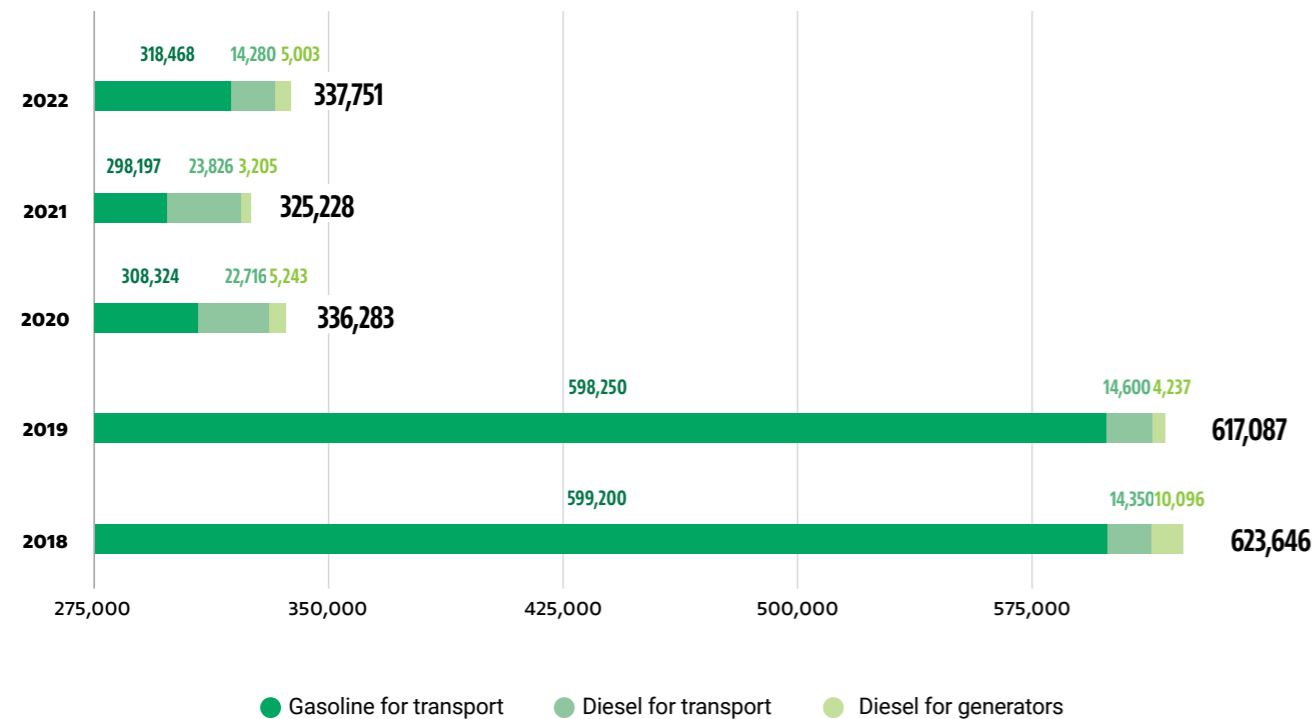
Discount Bank's electricity consumption

kW-h, in the years 2018-2022



Discount Bank's fuel consumption

in liters, for employee travel and generators, in the years 2018-2022



The steep decrease in fuel consumption during 2019-2022 resulted from the reduction in employee travels due to the corona crisis, the transition to hybrid work (working from home), replacing motor cars by hybrid cars and the large scale retirement of employees at the end of the year 2020.

Estimated savings² resulting from the provision of a shuttle service for Discount Bank's employees

in 2022

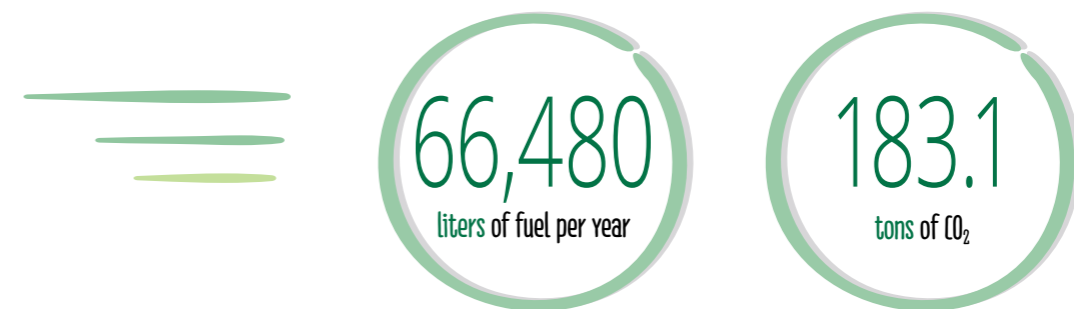
Leaves from	Destination	Daily frequency Circuits	Average number of passengers per circuit	Number of operation days ¹	Length of travel ⁴ (in minutes)	Estimated savings in travel time (in hours)
160 Herzl St.	Discount Tower and Simtat Beit HaSho'eva	12	10	248	45	22,320
Modi'in Elit	Tel Aviv	Daily	3-4	240	150	189
Kiryat Gat ³	Tel Aviv	Twice per week	11	18	180	594

Notes:

- 1 Partial operating days (eves of Holidays and Intermediate days of Holidays) had been converted into equal value operating days.
- 2 For the purpose of the calculation, an estimate has been made of the distance travelled, the cost of fuel and the refueling coefficient taken from the data of the Central Bureau of Statistics.
- 3 Activated from the end of October 2022.
- 4 Back and forth.

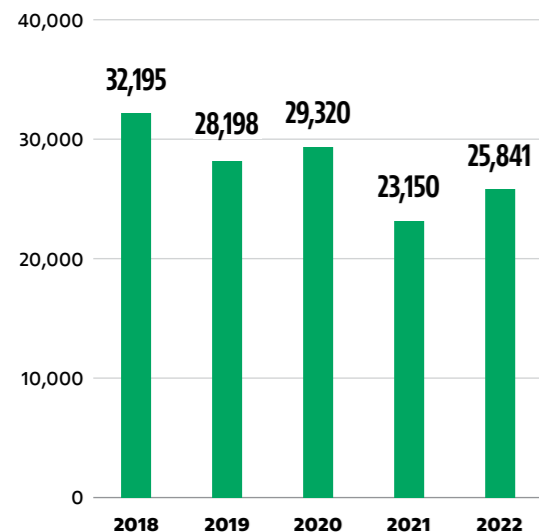


Estimated savings in Discount Bank's array of shuttle services



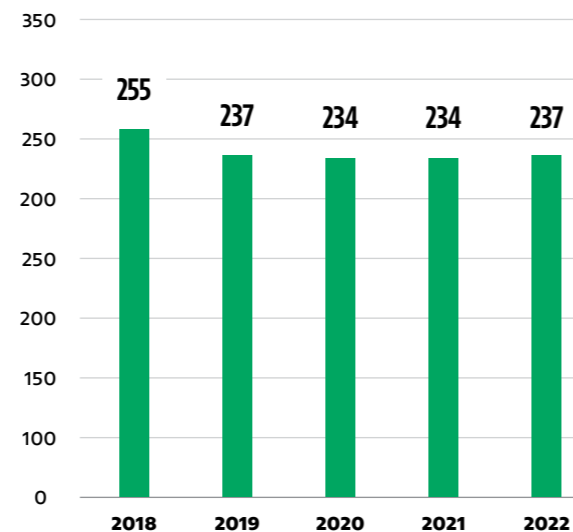
Discount Bank's Water Consumption

in m3, in the years 2018-2022



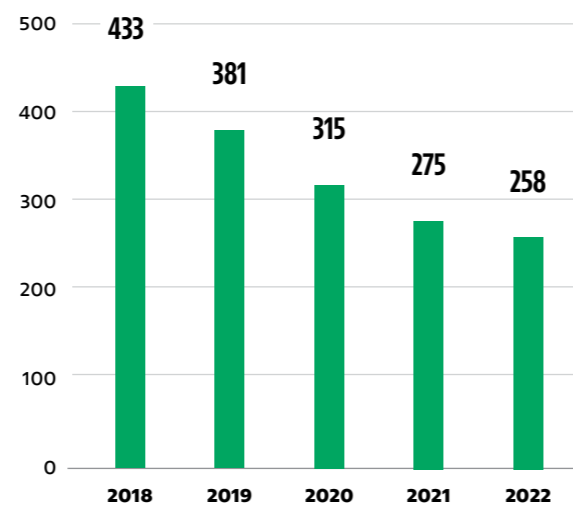
Discount Bank's energetic intensity

total kW-h/sq.m., in the years 2018-2022



Discount Bank's paper consumption

in tons, in the years 2018-2022



The decrease in paper consumption during 2018-2022 was affected by, among other factors, employees working from home during the corona crisis, transition to hybrid work (working from home) and measures for reducing the use of paper.



Discount's carbon footprint

On its own initiative, the Bank has committed to a reduced greenhouse gas emissions target and is working accordingly to gradually reduce its carbon footprint, through energetic efficiencies at its branches and head office. In each year, the Operations and Properties Division monitors the progress in this area by collecting performance data in the various areas and formation of a comprehensive report. In addition, in each year the Bank voluntarily reports emissions created by it to the reporting and recording center of the Israel Ministry of Environmental Protection.

The carbon footprint of Discount Bank and its principal subsidiaries in Israel, whose data are presented below, comprise three scopes:

- > **Scope 1** – Total direct emissions, originating in the consumption of fuel and refrigerant gases²⁴;
- > **Scope 2** – Total indirect emissions deriving from electricity consumption²⁵;
- > **Scope 3** – Total indirect emissions affected by the operations, but not resulting there from. Business flights, paper consumption and its recycling, water consumption and electronic waste are included in this scope²⁶.

It is clarified that the calculation within the framework of Scope 3 emission is partial, due to the fact that it does not include assessment of emission stemming from financial activity.

In 2022, Discount Bank managed to achieve a reduction of approx. 2.5% in its overall carbon footprint, compared to 2021. This, in continuation to a reduction of 3.2% in 2021, compared to 2020. The reduction results from continuing the reduction in emissions in the three Scopes.

Emission of additional materials

Discount Bank makes use of refrigerant gases for the air conditioning of its branch and head office buildings. In 2022, the Bank consumed approx. 271.5 kg. of R-22 type refrigerant gas (81.5 kg. for home use and 190 kg. for industrial use) and approx. 237.2 kg. of R-410A and R-407 types refrigerant gas. The Bank is acting for the replacement of a major part of its old air conditioning systems with the more economical VRF systems. In 2022, six cooling systems (accounting for 363 tons of refrigerant) were scrapped and nine new cooling systems (accounting for 329.4 tons of refrigerant) were installed. As a result of a one-time event due to a failure of batteries, 312.4 kg of refrigeration gas of the R-134A type were emitted in 2021. The Bank is acting on an ongoing basis to avoid leakage and attends immediately to any failure.

Increasing the awareness of employees

The Bank uses the Intranet system for operating an organizational environmental portal, where all information and activity in this respect is being published. The portal also serves as an address for employee questions and approaches in the matter.

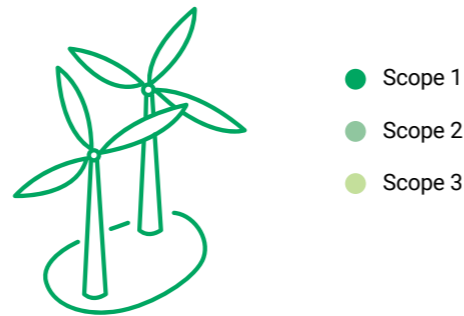
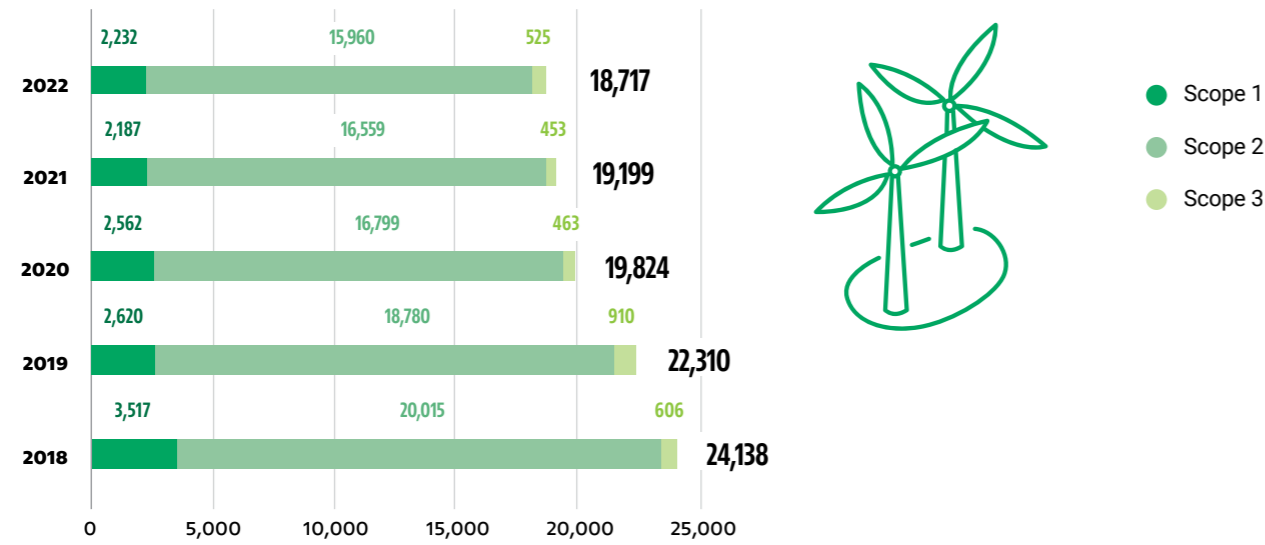
Additionally, in the offices and conference rooms, stickers are affixed to the switches, reminding to shut off the lights at the end of the work day and, all of the cafeterias have hung banners calling for saving resources and encouraging employees to make use of the recycling bins placed in them.



²⁴ In 2022, a new examination was carried out of the Bank's carbon footprint data for the last five years (2018-2022) and a duplicate of the report made in 2018 regarding the Bank's cooling systems was corrected in Scope 1.
²⁵ The total emissions in Scope 2, which is presented in the 2022 Annual Report, as part of Discount Bank's carbon footprint, has been improved as part of the data updating.
²⁶ The total emissions in Scope 3, which is presented in the 2022 Annual Report, as part of Discount Bank's carbon footprint, has been improved as part of the data updating.

Discount Bank's carbon footprint according to scopes

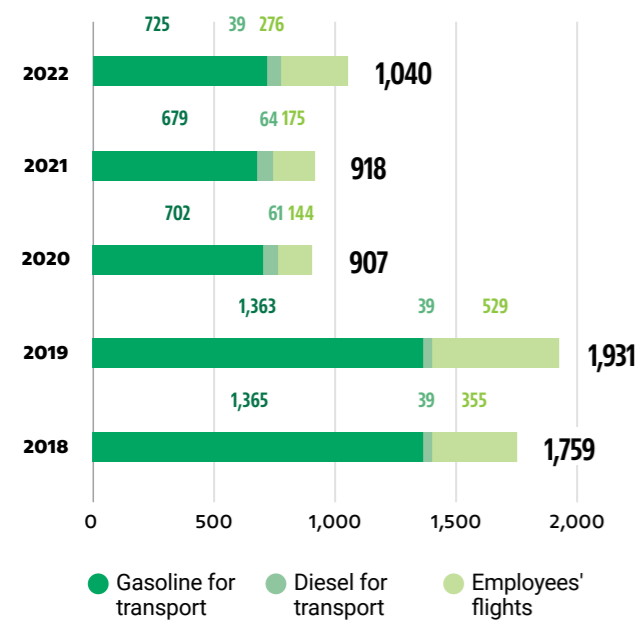
Carbon dioxide equivalent tons, in the years 2018-2022



- Notes:**
- 1 The computation of the greenhouse gases emission in scope 1 and 2 are based on emission coefficients published by the Israel Ministry of Environmental Protection for the years 2018-2022.
 - 2 The computation of emission in scope 3 is based on the emission coefficients of DEFRA and GHG Protocol.
 - 3 In 2022, a new examination was carried out of the Bank's carbon footprint data for the last five years (2018-2022) and a duplicate of the report made in 2018 regarding the Bank's cooling systems was corrected in Scope 1.

Discount Bank's travel emissions

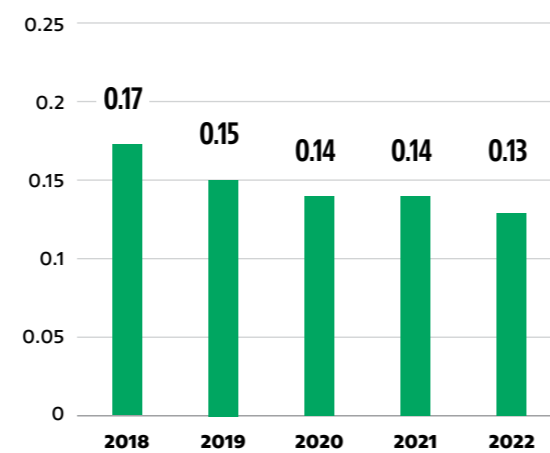
Co2 equivalent tons, in the years 2018-2022



Note: Emissions caused by employee travel taken from the carbon footprint data of the Bank. Emissions from diesel oil and gasoline are part of the emissions in Scope 1; emissions caused by employee flights are part of emissions in Scope 3.

The intensity of Discount Bank's greenhouse gas emissions

Co2/sq. m. equivalent tons, in the years 2018-2022



Note: In 2022, a new examination was carried out of the Bank's carbon footprint data for the last five years (2018-2022) and a duplicate of the report made in 2018 regarding the Bank's cooling systems was corrected in Scope 1.

The decrease in travel emissions in the years 2020-2022 was affected by factors similar to those that affected the decrease in fuel consumption - see above.

Responsible consumption of resources at the principal subsidiaries

Mercantile Discount Bank

Similarly to Discount Bank, MDB has also adopted many and varied energetic efficiency measures.

Cutting down electricity consumption

MDB has taken a number of actions aimed at increasing energetic efficiency, including use of electricity saving light bulbs and the installation of efficient air conditioning systems (VRF) in new branches. Furthermore, presence sensors have been installed in meeting rooms, and at the Management premises the automatic turning-off of lights and air conditioning is activated as from the afternoon hours. A main switch exists at the branches for the general turning-off of electric power at the end of the working day.

MDB monitors its electricity consumption and examines frequently the electricity consumption per square meter of space, in order to identify opportunities for higher energetic efficiency.

Cutting down fuel consumption

MDB acts towards the reduction in the consumption of fuel and in greenhouse gases emission. Available to employees is a shuttle service from the Management building in Holon to the Jubilee Tower in Tel Aviv and back. In addition to that, motor vehicles were put at the disposal of employees for joint travel for work purposes, with the preference given

to economic leasing vehicles having a low pollution level. MDB continued to increase the number of digitalized meetings, by Video Conference and other programs, while increasing the number of conference rooms enabling such meetings.

"Paperless project"

In 2022, the "paperless head office" project reached its advanced stages. Within the framework of the project, each of MDB's head office units has conducted mapping of the folders that it holds and has provided a solution for each folder from among the following alternatives: destruction/archiving/scanning and destruction, with immediate availability, with the aim being to rid the bank's head office of paper in preparation for the move to the Discount Campus. In addition, as part of the project, considerable efforts have been invested in reducing the routine use of paper at the head office units, with the most notable of these measures being the training in the use and deployment of the "OneNote" digital tool that makes it possible to organize files in different formats in a digital folder as an alternative to a physical folder, thereby obviating the need for printing and additional filing on an ongoing basis.

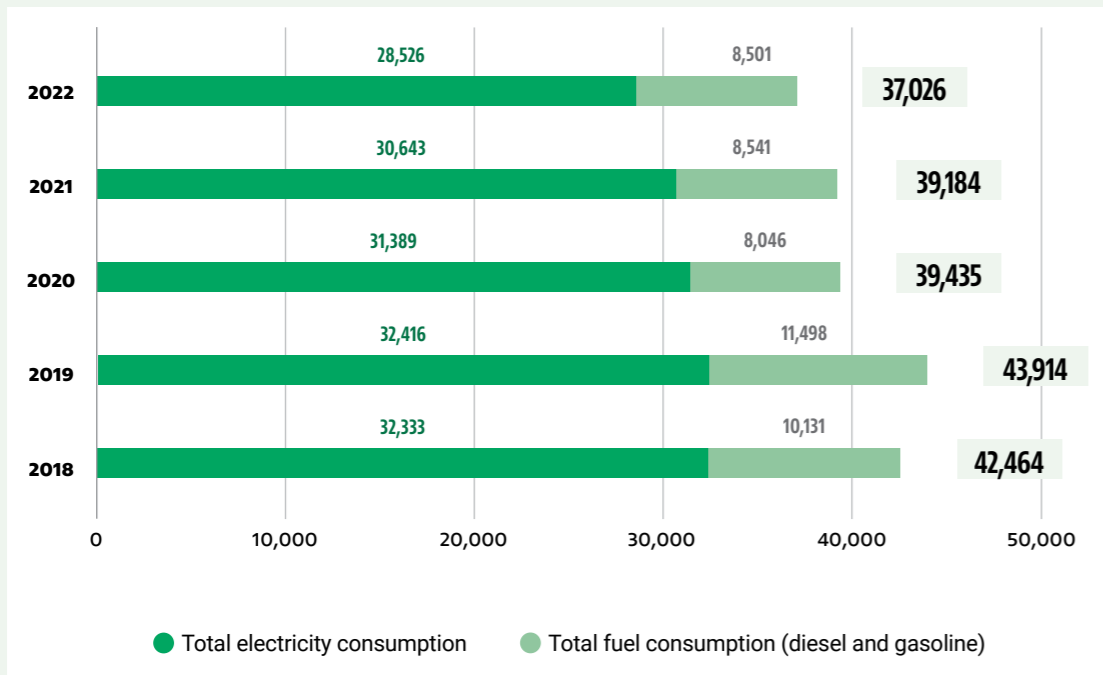
In 2022, the paper cycle expenses increased by approx. NIS 122 thousand due to the higher prices of postage, packets of A4 paper, printer ink, and archiving costs. Therefore, MDB became more efficient and saved approx. NIS 340 thousand in 2022, according to 2021 prices.

NIS 340 thousand
has been saved in 2022 due to the "Paperless" Project, compared to 2021



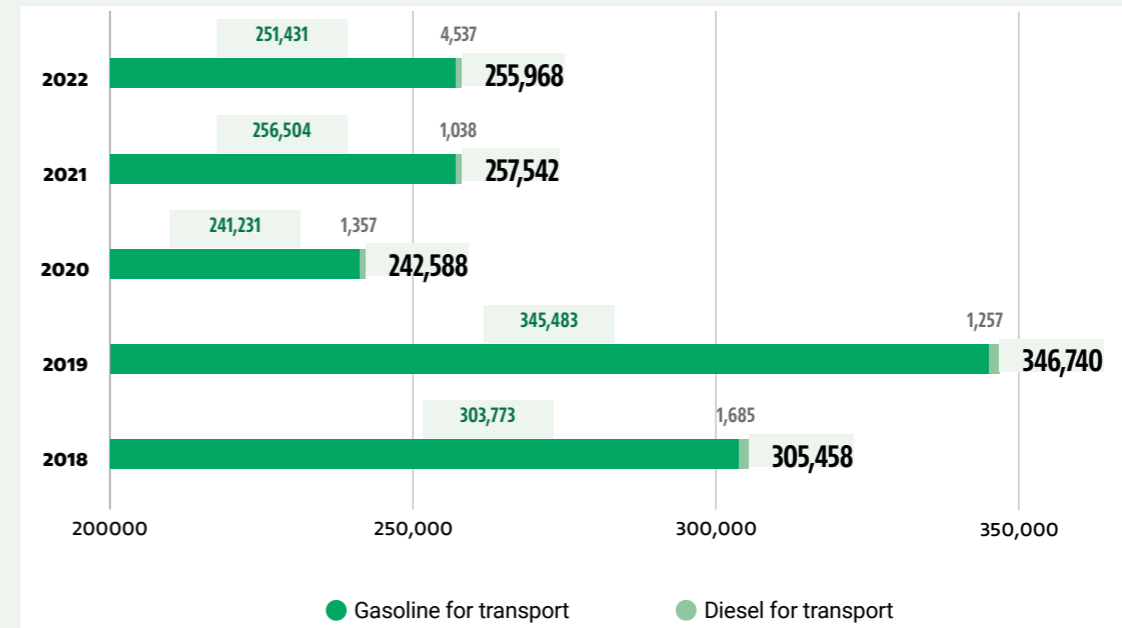
Breakdown of MDB's consumption of energy from various sources

in GJ units, in the years 2018-2022



MDB's fuel consumption

in liters for employee travel and generators, in the years 2018-2022

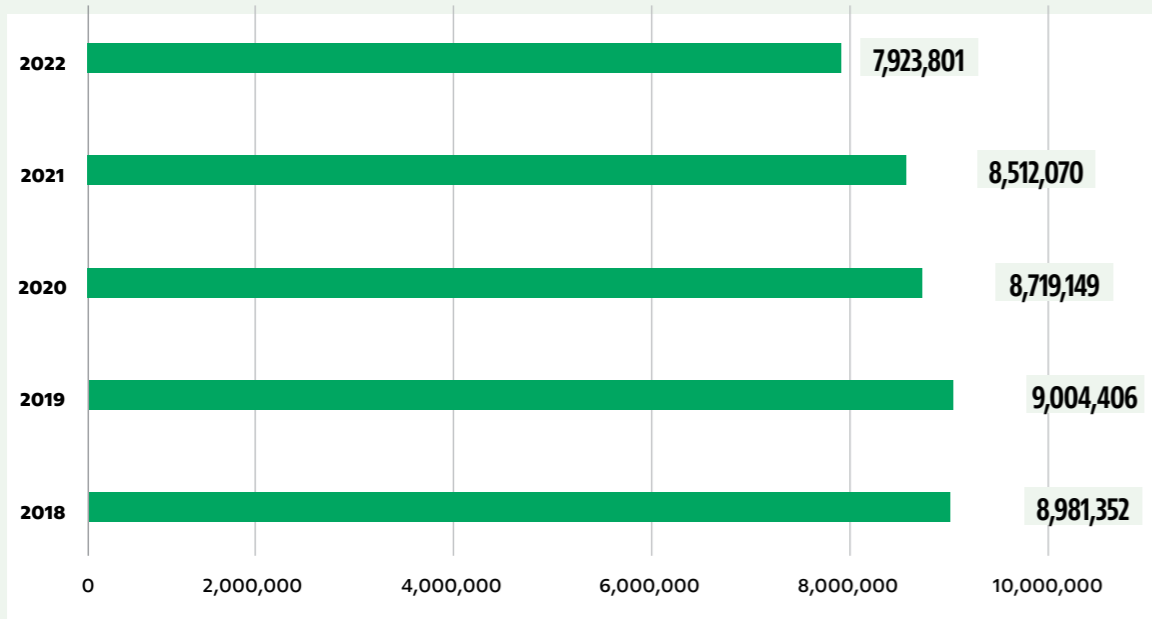


Notes:

- 1 No diesel for generators is consumed at MDB.
- 2 The increase in consumption of petrol stemmed from the return to routine work of Mercantile Discount Bank employees, following the steep decrease in fuel consumption in 2020, which resulted from the reduction in employee travels due to the corona crisis.

MDB's electricity consumption

in kW/h, in the years 2018-2022

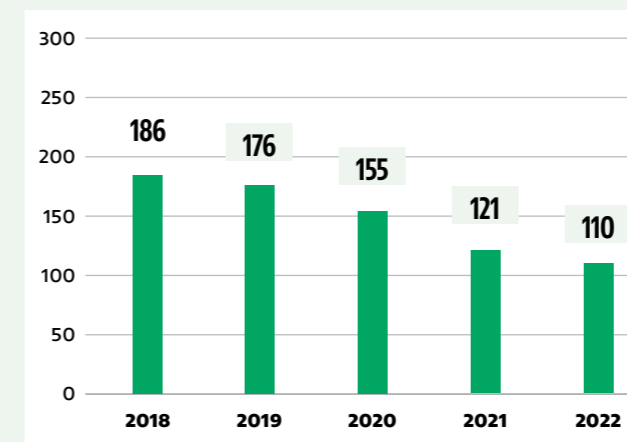


Note: The electricity consumption at the rental properties of MDB is assessed on the basis of the average kw/h price.



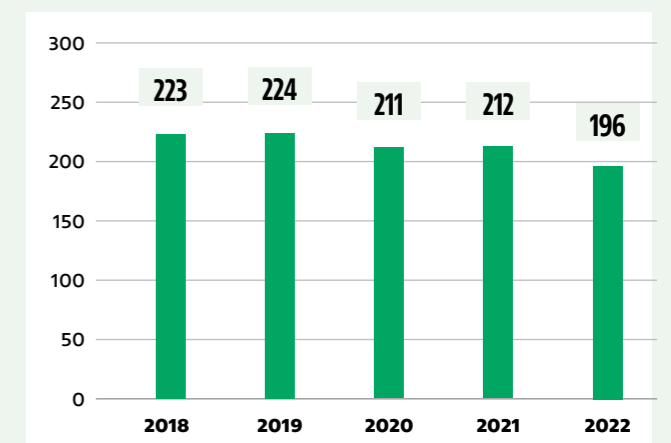
MDB's paper consumption

in tons, in the years 2018-2022



MDB's energetic intensity

total kW-h/sq.m., in the years 2018-2022



Note: The data for 2018 was reclassified following improvement of data.

ICC

ICC is also promoting the responsible consumption of resources and the improvement of its environmental performance, as an integral part of its work for the implementation of sustainable development principles, with responsibility, fairness and transparency comprising the basis for its operation. Striving to reduce negative environmental impacts that might arise from the services provided by the company, ICC includes environmental considerations in its decision making processes. To the extent possible, ICC utilizes natural light for the lighting of its offices, and in planning new premises and operational locations, use is made of materials that are not harmful to the environment, while adhering, to the extent possible, to green building principles.

Reduction in electricity consumption

ICC operates an automated control system designed to locate electricity sources left switched on, such as lighting and air conditioning, and to turn them off automatically during the hours in which the company does not operate continuously. In addition, once yearly, ICC renews the coating of roofs of buildings owned by it with a white sealing material, contributing to the reduction in the warming-up of the buildings during the summer months, and to the saving in energy required for air conditioning.

In addition, the company has made the transition to 'Thin Client' workstations in place of computers. In this process, regular workstations have been replaced by 'Thin Client' workstations, thereby reducing consumption from 280W for a regular workstation to 36W for a 'Thin Client' workstation. In addition, the company's computer screens are turned off automatically after a break in use of 20 minutes. The company stands for the promotion of awareness and responsibility for protection of the environment by its employees, and encourages patterns of conduct and professional skill to ensure work conditions friendly to the environment.

Reduction in fuel consumption

The motor vehicle fleet of ICC has been replaced during the recent years, and includes at present vehicles having smaller engines, which consume less petrol and cause lesser pollution, comprising approx. 35% of the whole motor vehicle fleet. The replacement of the motor vehicle fleet of the company brought to a reduction in fuel consumption of approx. 23% between the years 2019 to 2022.

Environmental control

ICC conducts environmental control activity, which includes measurement and monitoring of radiation in company premises. Current monitoring of the work environment is conducted, including attendance and radiation surveys, performed annually by outside independent companies in all premises of the company countrywide.

Use of materials and the treatment of waste

ICC promotes the recycling of materials at its offices and recycles large amounts of electronic waste every year. In 2022 ICC sent to recycling 200 tons of electronic waste and 26.4 tons of paper waste, comprising 100% of the paper waste and electronic waste.

Reducing paper consumption

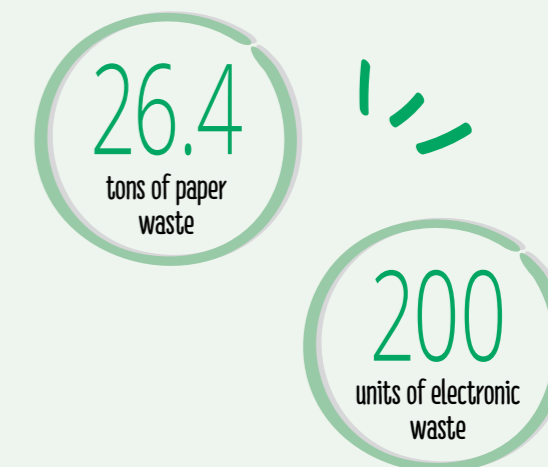
ICC is encouraging its customers to receive their monthly transaction statements by e-mail instead of by regular mail. As of the end of 2022, 74% of the transaction statements of the company's customers are related to the digital statements by e-mail service. During this year, approx. 276 thousand customers joined this service out of approx. 1.89 million customers enjoying this service. The use of CalMail saved in 2022 approx. 5.3 million pages and approx. 4.5 million envelopes, compared with 2021. ICC has also reduced the consumption of paper in respect of the forms filled upon the issuance of credit cards or upon the joining of customer clubs, allowing a digital signature on tablets. Smart printers are installed at the company's offices requiring employees to slide their employee card in order to obtain paper prints. The major part of the company's

waste comprises paper and carton, which is sent for recycling on an ongoing basis. In preparation of the expected transfer to the Discount Campus in 2023, ICC is performing the mapping and shredding of hundreds of document boxes at the central archive.

Reducing the consumption of plastics

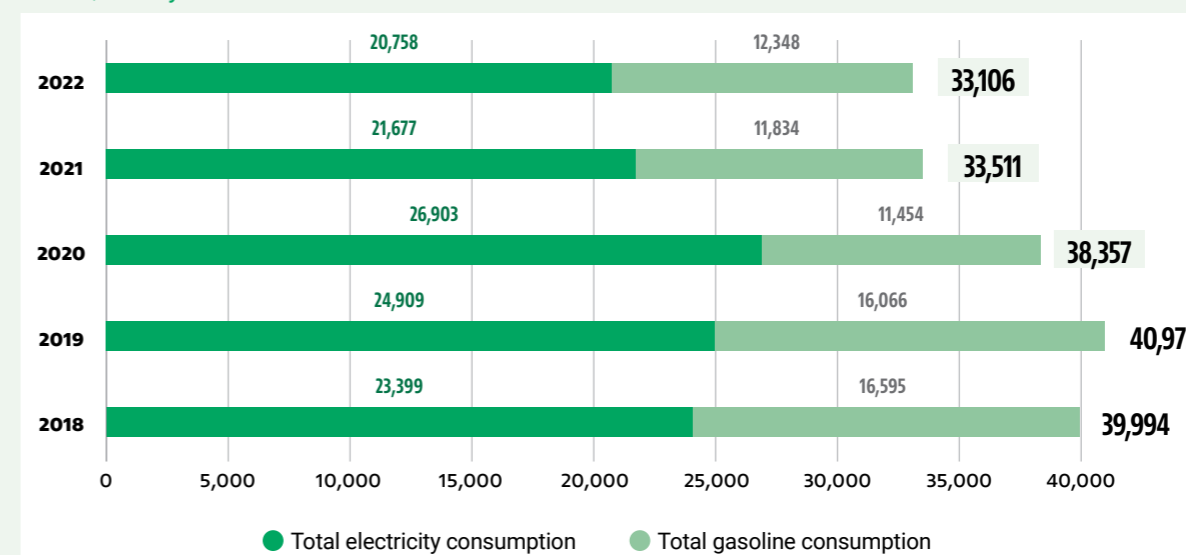
In order to reduce the waste created by use of the company's products, the validity of a part of the credit cards issued by the company has been extended to five years. This move will contribute in the long run to the reduction in plastics consumed by the company. In each year, ICC performs an orderly shredding of surplus plastic cards and of defective cards, sending the shredded material for recycling.

Quantity of waste sent for recycling



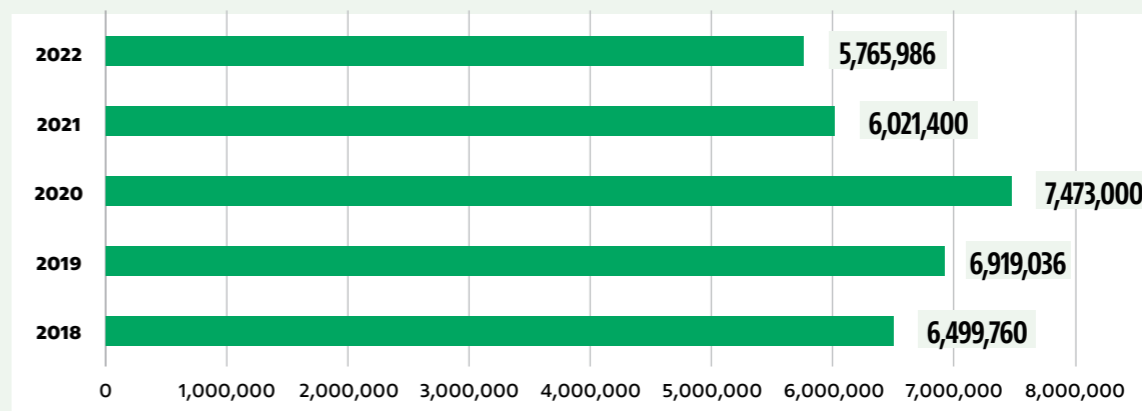
Breakdown of ICC's consumption of energy from various sources

in GJ, in the years 2018-2022



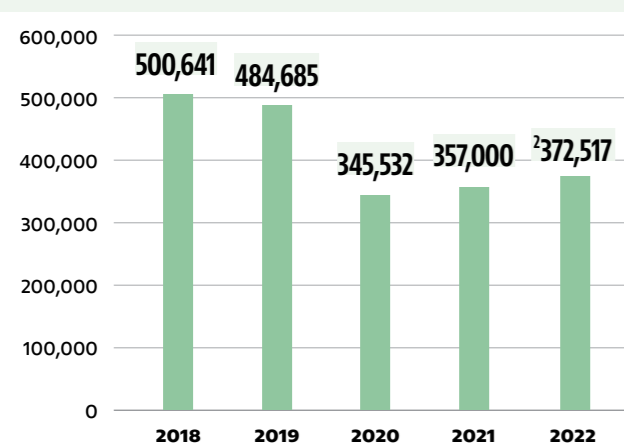
ICC's electricity consumption

kW-h, in the years 2018-2022



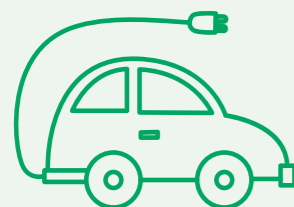
ICC's fuel consumption

in liters, for employee transport and for generators¹, in the years 2018-2022



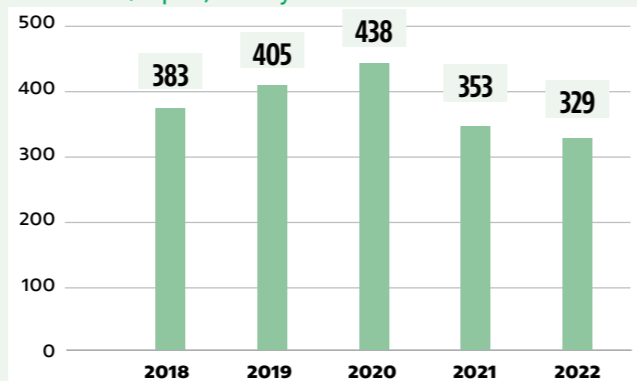
Notes:

- 1 Use of emergency power generators by ICC is negligible (a few tens of liters per year).
- 2 The increase in consumption of petrol in 2022 stemmed from the return of ICC employees to routine work at the company premises. The decrease in the consumption of petrol in 2020 stemmed from a decline in employee travel due to the Corona crisis.



ICC's energetic intensity

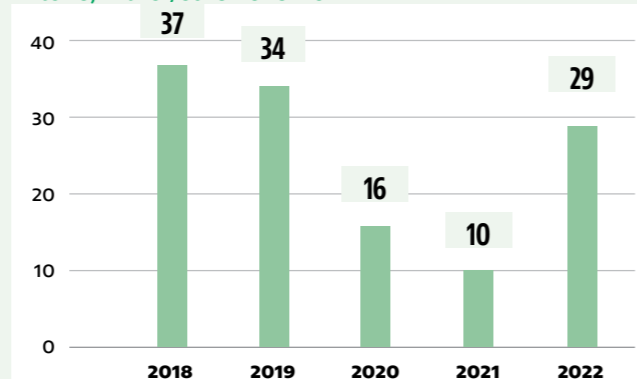
total kW-h/sq.m., in the years 2018-2022



Note: The calculation of the energetic intensity is based on the electricity consumption in ICC of 5,765,986 kW-h for 17,500 sq.m of the total area of ICC.

ICC's paper consumption

in tons, in the years 2018-2022



Goals

> Goals presented in the previous report

Discount Bank	Not achieved	Reducing electricity consumption by 1% annually.
	✓ Achieved	Continuing the replacement of vehicles by hybrid vehicles – replacing 10 additional vehicles.
	✓ Achieved	Financing of additional projects of renewable energy, including the generation of electricity by wind energy.
MDB	✓ Achieved	Savings of NIS 1 million in paper consumption in 2022 through: <ul style="list-style-type: none"> > Consolidating envelopes for a customer's mail, thereby reducing outgoing mail. > Cancelling automatic head-office printouts where such printing is unnecessary. > Mechanizing processes and reducing the use of paper printing. > Advancing the digital signature process using tablets.
	✓ Achieved	Cutting the Bank's overall energy consumption by 5%.
	✓ Achieved	Increasing the number of customers using digital printouts by 10% in 2022.
	✓ Achieved	Continuing the deployment of the digital signature project for branch documentation.
	✓ Achieved	Cutting paper consumption by 10% in 2022.

> Future Goals

Discount Bank		Increasing the scope of financing for environmental projects by NIS 12 billion by 2030.
		Reducing the carbon footprint of the Bank's operational activities by 40% by 2030, from its 2022 level.
		Formation of data base as part of the preparations for producing a TCFD Report.
		Formation and integration of corporate governance in the management of environment and climate risks.
MDB		Development and implementation of indices for the management of environment and climate risks.
		The holding of instruction sessions for the Bank's Management, the Board of Directors and relevant employees on matters of environment and climate risks.
ICC		Cutting paper consumption by 10% in 2023, a savings goal of NIS 800,000.
		Reducing energy consumption by 1% annually.
		Until the end of 2023, approx. 2.095 million customers are to join the project of receiving transaction statements by email.
		Reducing total energy consumption of the company by 5% until 2023.
		Cutting paper consumption by 15% in 2023 .

IDB Bank

Recycling project

All businesses in the city of New York are required by law to recycle certain materials and do their utmost to verify that recyclable material is properly treated by their suppliers of waste removal services.

IDB Bank has engaged a private authorized waste removal supplier IESI (Waste Connection) and has developed a waste removal plan.

The Municipal Authority of New York has issued to IDB Bank Business Integrity Commission (BIC) stickers, which identify the authorized private waste removal service supplier of the bank. The sticker is attached to a front window and is clearly visible from the sidewalk edge at the entrance to the building.

IDB Bank is authorized to collect recyclable waste with no prior sorting. Recycling with no prior sorting means that all recyclable material

(metal, glass, plastic [MGP] and paper) may be placed in the same waste bin.

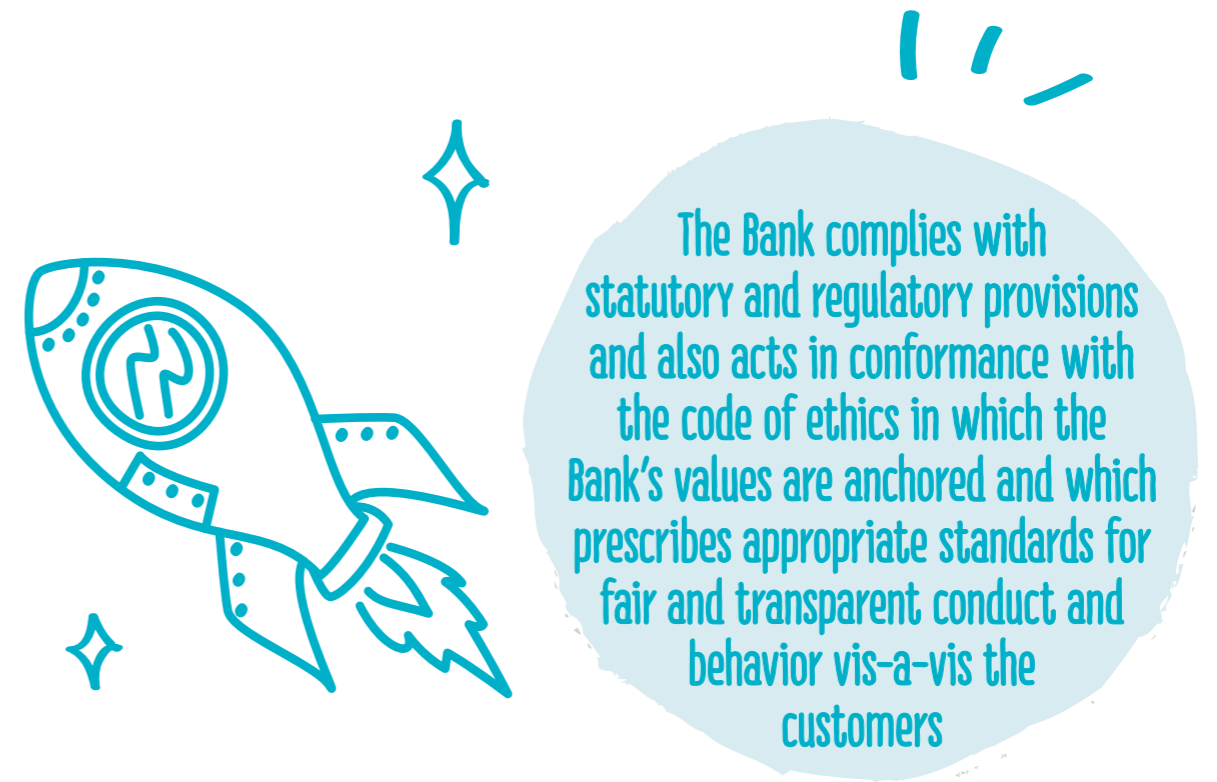
IDB Bank's building Management has provided at least two waste bins on each floor (in a storage room / pantry and other public areas): one of the waste bins with a black plastic bag is labeled for general garbage. The other bin (blue) with a clear plastic bag is labeled for all recyclable materials (MGP and paper).

In addition, Management of the building has posted (at eye level, as required by law) guiding posters detailing the type of waste to be placed in the recycle bin and the waste intended to the general waste bin.

Management of the IDB Bank building has also placed posters intended for the cleaning staff at the waste collection area and at the loading ramp at the back of the building. The recyclable waste and the other waste is collected and transported separately during the night by the waste removal service supplier of IDB Bank.



09 CORPORATE GOVERNANCE



The General Meeting of Shareholders	212
The Board of Directors	214
The Bank's Management	225
Special and independent committee – proceedings in Australia	225
Compensation of Senior Officers	226
Principal Control Functions	228
Prevention of Corruption	231
Compliance with regulation	236
Discount Bank's commitment to maintaining and respecting human rights	240
Corporate Governance Code for the Discount Group	242
Goals	243



CORPORATE GOVERNANCE



The General Meeting of Shareholders

> The Agenda for the general meeting of shareholders is determined by the Board of Directors, however, according to the Companies Law, a shareholder who holds at least one percent of the voting rights in a general meeting of shareholders, may request the Board of Directors to include an item on the agenda of a general meeting to be convened in the future, on condition that this item merits a discussion at the general meeting of shareholders.

In accordance with the provisions of the law, the Bank has to publish a notice at least twenty-one days prior to the notice convening a general meeting of shareholders, when a proposal for the appointment of directors or the termination of their office appears on the agenda of the meeting. The preliminary notice includes details of the subjects on the agenda of the coming general meeting. In the notice convening a general meeting of shareholders, the Bank provides details of the agenda of the meeting being convened, the proposed resolutions and the majority required for the different resolutions.

Voting at the general meeting is done using a voting ballot, personally by the shareholder or his legal representative or, alternatively, using an electronic voting system.

Under the provisions of the law, an extraordinary general meeting is to be convened by a resolution of the Board of Directors and also at the demand of two directors or of a quarter of the serving directors or of shareholders holding five percent of the issued capital, or five percent of the Bank's voting rights.

The above stated, excluding the format of determination of the agenda by the Board of Directors, does not apply to MDB and to ICC, both being private companies, to which applies the law relevant to private companies.

Changes in the organizational structure

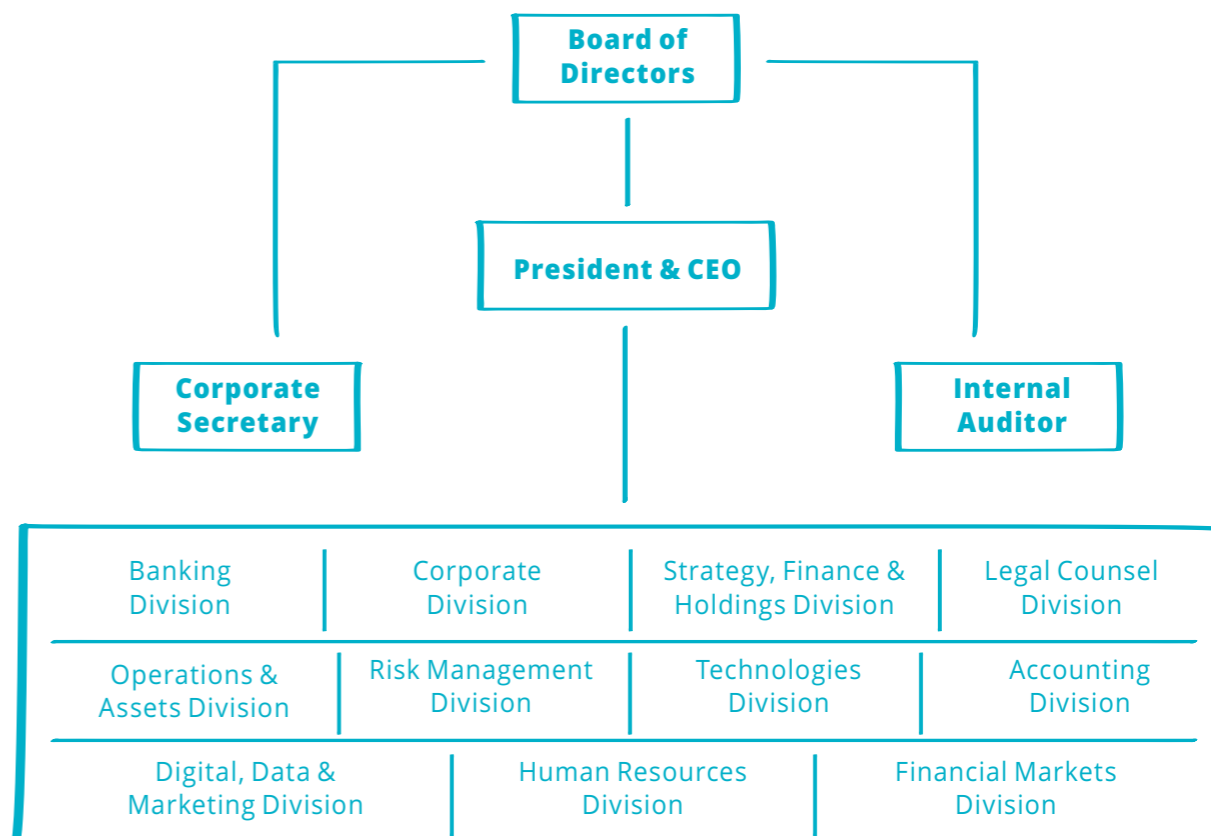
> The Bank's Board of Directors approved on April 26, 2022, several organizational changes, that would comprise an infrastructure for the acceleration of the implementation of the strategy in the Group:

> The Planning, Strategy and Finance Division absorbed most of the activity of the Group Management and Regulation Division, which was abolished, within the framework of a new Wing that has been established for this purpose – the Group Management Wing – which focuses on maximizing and utilizing to the utmost the business and strategic potential in all the subsidiary companies. In addition, the Division has absorbed the Fintech and Innovation Unit, transferred from the Digital, Data and

Innovation Division. This Unit focuses on leading pioneering moves, supporting the strategy of the Bank and the Group. The name of the Division has been changed to the Strategy, Finance and Holdings Division. Responsibility for Regulation matters has been passed to the Legal Counsel Division.

> The Digital, Data and Innovation Division has absorbed the Marketing Wing and the Customer Experience Administration, transferred from the Strategy Division. This with the view of strengthening and leveraging the connection between the advanced capabilities existing in the fields of digital, data and marketing, in favor of continuing the advancement of the leading customer experience. The name of the Division has been changed to the Digital, Data and Marketing Division.

Discount Bank's Organizational Structure Chart



➤ A new Wing had been established within the Operations and Assets Division – the Products and Processes Wing, which leads the operational and banking excellence area across the organization. The Wing has absorbed the operations of the current account department from the Digital Division, the processes department from the Strategy Division, and the products department from the Operations Division. In addition, this Division absorbed the foreign trade department from the Corporate Division, as part of the process of concentrating the Bank's operational activity within the Operations Division.

The above changes took effect in the middle of May 2022.

The Board of Directors Procedure of appointment of directors

➤ The appointment of members of the Bank's Board of Directors is made by the general meeting of shareholders, and everything according to the provisions of the law applying to the Bank as a public company and as a banking corporation having no core

controlling interest and in accordance with the Bank's articles. The provisions determine special qualifying conditions regarding the qualifications and experience required from whoever serves as director of a banking corporation. According to the Banking Ordinance the Supervisor of Banks has to be informed in advance of the intention to appoint a director, and the Supervisor has the authority to oppose such an appointment.

The Bank is a banking corporation without a core controlling interest, subject to special provisions regarding the appointment of directors, their service and termination of service. In accordance with these provisions, voting on the appointment of directors shall take place only at the annual general meeting or at a meeting convened under Section 35A of the Banking Law (Licensing), 5741-1981 (hereinafter: "the Banking Law"); the period of service of a director who is not an external director is limited to three years, and the cumulative period of his service is limited to nine years; the number of directors who are to be replaced in each year shall not exceed one half of the number of the serving directors.

According to the Banking Law, an external statutory committee was established for the appointment of directors in a banking corporation not having a core controlling interest, the duty of which is to propose to the general meeting candidates to serve as directors. According to the Law, the Governor of the Bank of Israel appoints the committee, which has five members. The committee is chaired by a retired Supreme Court or District Court judge, who is proposed by the Minister of Justice in consultation with the President of the Supreme Court. Two of the members who serve on the committee are proposed by the committee's chairperson, after consulting with the chairperson of the Israel Securities Authority. These members are persons from the business and economics field or persons from a senior academic faculty of higher education institutions, in a relevant sphere, or persons who were previously from such a faculty. In addition, serving on the committee are two external directors, who serve on the

board of the banking corporation that is the subject of the committee's discussions, and which were proposed by the chairperson of the committee, and the two members previously referred to, in consultation with the Supervisor of Banks.

Concurrently with the committee, in the case of a banking corporation having no core controlling interest, a shareholder and/or a group of shareholders that hold more than two and a half percent of a certain class of means of control in the corporation, are entitled to propose to the general meeting candidates for election as directors.

In accordance with the practices of the Board of Directors, appropriate representation would be given to both genders in the composition of the Board of Directors, in a way in which the ratio of diversification for each gender would be at least 30%. If, for any reason, the ratio of gender diversification would decrease, the Board of Directors would act by power of its authority to reach the required goal within a period of two years.

Independence of the Board of Directors

➤ The independence of the Board of Directors is as prescribed in the Banking Ordinance, 1941, the Companies Law, The Banking Law (Licensing), 5741-1981, and Proper Conduct of Banking Business Directive No. 301. Subject to the aforesaid, all of the members of the Bank's Board of Directors are not officers of the Bank nor their relatives, nor do they have an affiliation to the banking corporation or to a corporation under its control or to a holder of means of control, nor do they have a business or professional relationship with any of the aforementioned (other than negligible relations²⁷), as these terms are defined in the law.

²⁷ The negligibility of the relations will be determined by the Audit Committee.

Procedure of appointment of directors at the principal subsidiaries in Israel

➤ MDB and ICC are private companies. The appointment of directors at MDB and at ICC is made in accordance with the qualifications of the candidates for Directors' and in accordance with Proper Conduct of Banking Business Directive No. 301. Appointment of members of the Board of Directors in ICC is made in accordance with the ratio of holdings between Discount Bank and FIBI and in accordance with instructions set in the shareholders agreement and the company's articles. The Bank's Board of Directors approves the decision regarding the appointment of directors of MDB and of ICC.

The appointment of a director at MDB and at ICC requires the approval of the Bank of Israel, following a full "fit and proper" (F&P) process, with this also applying to external directors according to Directive No. 301. The appointment and the renewal of the approval of external Directors is done every three years.



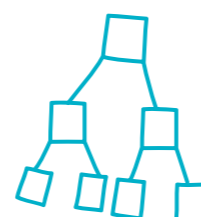
Composition of the Board of Directors¹

The Corporation	Discount Bank	MDB	ICC	IDB Bank
Number of directors	10	9	8	10
Directors qualified as external directors	10	3	3	⁶ -
Of which: External directors ²	3	⁵ -	⁵ -	⁶ -
External directors in terms of Directive 301 ³	4	3	3	⁶ -
Directors with professional qualifications ⁴	10	8	8	⁷ -
Directors with accounting and financial expertise	9	6	7	⁷ -
Women	4	4	3	2
Men	6	5	5	8
Age ⁸ :				
Up to 50	1	1	1	2
51-60	2	2	3	2
61-70	3	5	2	3
Over 70	4	1	2	3

Notes:

- The data is updated through the date of publication of the 2022 Annual Report.
- In terms of the Companies Law, 5759-1999.
- External directors in terms of Directive No. 301 of the Proper Conduct of Banking Business Directives, and as such also qualify as external directors in terms of the Companies Law.
- Within the meaning of the term in the Companies Regulations (Conditions and Tests for Directors Having Accounting and Financial Expertise and a Director Having Professional Qualifications), 5766-2005.
- The duty to appoint external directors in accordance with the Companies Law does not apply to MDB and to ICC, both being private companies.
- The provisions of the Companies Law and of Proper Conduct of Banking Business Directive No. 301 do not apply to IDB Bank. This notwithstanding, IDB Bank's corporate governance guidelines require that a minimum of one-third of the directors be independent and define the criteria for that independence. In actual fact, six of the directors meet the aforesaid requirements.
- The provisions of the Companies Law and of Proper Conduct of Banking Business Directive No. 301 do not apply to IDB Bank. This notwithstanding, the three members of IDB Bank's Audit Committee all have general financial literacy, as required by the Audit Committee's deed of authority. Two of them have expertise in banking or in financial management matters. All directors, pursuant to IDB Bank's corporate governance guidelines, must have experience or expertise in one or more of the following fields: banking, finance, economics or business, law, management or accounting.
- Under the Proper Conduct of Banking Business directives, no limit has been placed on the age of a director of a banking corporation.

For additional details regarding the Bank's Board members, see the 2022 Annual Report (p. 326) and the Periodic Report for 2022 (Regulation 26). For additional details regarding members of the Board of Directors of Mercantile Discount Bank, see the 2022 Annual Report of this bank (pp. 225-228 of the Hebrew report). For additional details regarding members of the Board of Directors of ICC, see the 2022 annual report of this company (pp. 223-225).



Segregation of the Chairman of the Board's duties

Mr. Shaul Kobrinsky serves as the Chairman of the Bank's Board of Directors since December 3, 2018. Mr. Kobrinsky does not hold any other office at the Bank. The Chairman of the Board of Directors of MDB and ICC is Ms. Esther Deutsch. Ms. Deutsch does not hold any other office at MDB and at ICC. Mr. Ilan Kaufthal serves as the Chairman of the Board of Directors of IDB Bank since March 13, 2021. Mr. Kaufthal does not hold any other office at IDB Bank.

Activity of the Board of Directors

In accordance with the Companies Law, the Board of Directors will outline the policy of the corporation and will supervise the activities and duties of the CEO.

Proper Conduct of Banking Business Directive No. 301 prescribes that the Board of Directors bears responsibility for the business of the banking corporation and for its financial strength. Within this framework, the Directives provide, inter alia, that:

- The Board of Directors will outline the strategy of the banking corporation, including the risk strategy and risk appetite, and will approve the banking corporation's policy that will guide the banking corporation in its ongoing activities;
- The Board of Directors will supervise the activities of management and their consistency with the policy of the Board of Directors;
- The Board of Directors will ensure the establishment of clearly defined spheres of responsibility and accountability within the banking corporation;
- The Board of Directors will outline the organizational culture of the banking corporation, which requires the

implementation of high standards of professional conduct and integrity;

- The Board of Directors will ensure that the banking corporation operates in compliance with the law and regulations.

The Board of Directors appoints the President & CEO and approves the appointment of the members of management by the President & CEO. The Bank's Board of Directors also approves the appointment of directors at the Bank's material subsidiaries.

Determination of the agenda of the Board of Directors – The agenda for the meetings of the Bank's Board of Directors is determined by the Chairman of the Board, taking into consideration the different regulatory requirements, including corporate legislation, the Proper Conduct of Banking Business Directives, etc.

Issues concerning risk management, corporate governance and social responsibility are discussed by the Board and/or by the Board's committees, where required and/or in accordance with regulatory duties and the Bank's policy.

Work procedure of the Board of Directors and its committees – The Board of Directors and its committees operate in accordance with a procedure determined for their work, within the framework of which are prescribed, among other things, the duties and powers of the Board itself and of the various Board committees, their manner of operation, the reports that have to be submitted to them and their frequency, and issues and transactions that require their approval. The Board of Directors updates the procedure from time to time, as required.

Assessment of the effectiveness of the work of the Board of Directors – In accordance with Proper Conduct of Banking Business Directive No. 301, the Board of Directors performs, once every two years, for internal purposes, a process of self-assessment. This is intended to test the efficiency of the Board of Directors' work, to identify weaknesses

in its work and make the necessary changes where required.

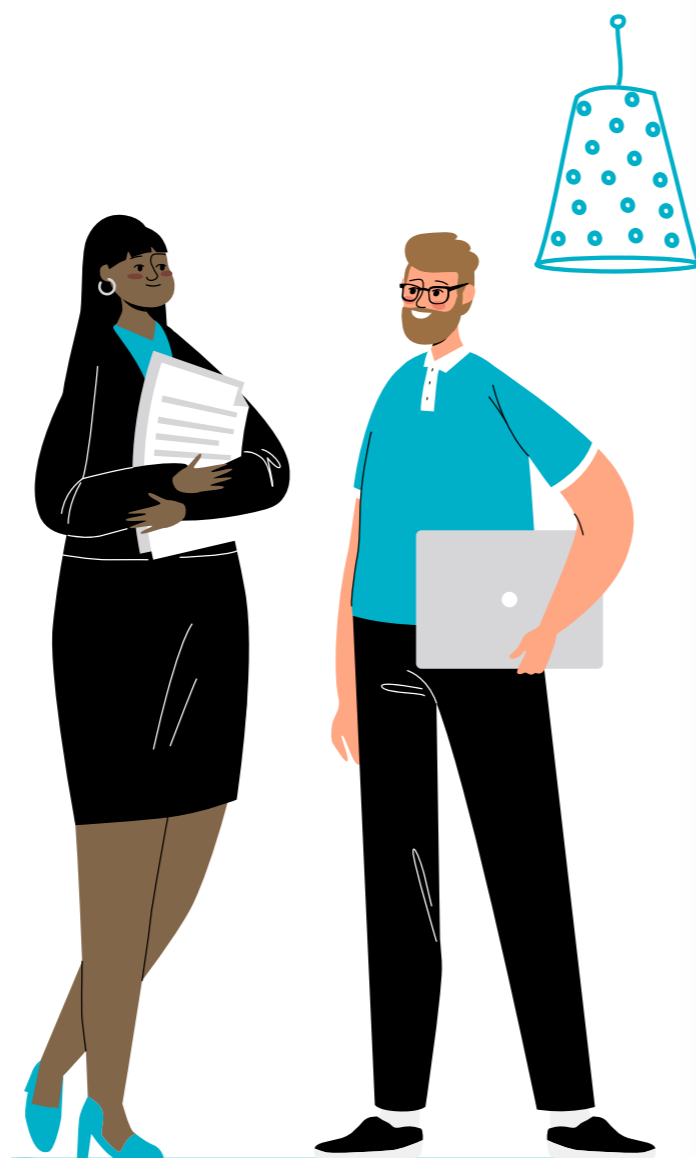
The self-assessment process is conducted by means of questionnaires relating to aspects of the work of the Board of Directors and its committees, including: the commitment and independence of the Board of Directors, outlining the strategy of the Bank and of the Group and monitoring its implementation, the activities of the subcommittees and the coordination between them, supervision and control over the performance of the Bank and management, and so forth. The process at Discount Bank is conducted with the assistance of an external independent party, which, among other things, assists in the formation of the questionnaire and in the gathering and analysis of the findings stemming therefrom. The process was last performed in March 2022 (at MDB – in November 2022; at ICC – in November 2022).

Training and refresher courses for members of the Board of Directors – The Bank runs a training program for new directors concerning the Bank's activities and the laws that apply to the Bank and its directors. The Bank takes pains to conduct a follow-up training program for the serving directors, which is customized, inter alia, to the position that the director fills within the corporation. As part of the ongoing reporting and discussions, reviews and updates regarding banking activities and the related regulations are brought before the directors, as are various other matters with which the Board of Directors and its committees are engaged.

Training sessions were, inter alia, held in 2022 regarding competition and compliance legislation.

During 2022, Directors of MDB received instruction in matters of CECL, enforcement under the Securities regulations, local authorities, changes in the Ultra-Orthodox (Haredi) society, changes in the Arab society, open banking strategy.

Rate of attendance at meetings of the Board of Directors and its committees – The overall rate of attendance at meetings of Discount Bank's Board of Directors stood at 100.0% in 2022. The overall rate of attendance at all the committees of Discount Bank's Board of Directors stood at 99.8% in 2022. For further details, see the Corporate Governance Appendix to Chapter 10 below and the Corporate Governance Questionnaire that can be viewed on the Bank's website. The overall rate of attendance at meetings of MDB's Board of Directors stood at 98.1% in 2021. The overall rate of attendance at meetings of ICC's Board of Directors stood at 96% in 2021.



Committees of the Board of Directors

The Bank's Board of Directors acts, inter alia, through subcommittees. As a general rule, all committees are permanent committees, some of which are in accordance with statutory requirements. Ad-hoc committees are formed from time to time to deal with certain matters. The composition of the Board of Directors and its committees and their duties are determined in accordance with the relevant legislation and the Proper Conduct of Banking Business Directives. The duties of the Board of Directors and of its committees are also defined in internal procedures, and the work procedures of the Board of Directives and of its committees. The following are the main duties of the subcommittees:

Credit Committee

The Committee is authorized to deal with various matters concerning the credit operations of the Bank and the Group. Inter alia, the role of the Committee is to support the Board of Directors in outlining the credit management strategy, as well as to discuss and make recommendations to the Board of Directors with regard to the Bank's credit policy document.

The Committee discusses, inter alia, the following matters: the Bank's credit policy; the Group and the Bank's (on a standalone basis) credit risks document; compliance with the credit policy document; effectiveness of the credit policy; retail credit portfolios of the Bank; debt collection procedures policy and the periodic report of the head of the function that handles debt collection; the Bank's policy regarding its activity with external mortgage consultants; branching policy; drawing conclusions with regard to default cases and so forth. The Committee discusses the yearly and multiyear credit control work plan and the annual report of the credit controller. The Committee also holds a discussion with the credit controller on his own.

The Committee is authorized to discuss and approve credit applications that deviate

from the credit policy, as well as applications under conditions and amounts exceeding the minimum determined by the Board of Directors from time to time.

Audit Committee

The Committee discusses the annual and multiyear internal audit work plan, makes recommendations regarding such plan to the Board of Directors and monitors the plans' implementation.

The Committee discusses material audit reports of the internal audit, the quarterly and semi-annual reports submitted by the internal auditor, which, inter alia, include a summary of the audit reports prepared by the Internal Auditor and the annual report regarding the operations of the internal audit. The Committee discusses the audit reports of the Supervisor of Banks, of authorities and of the Bank's independent auditors, and the proposed response of management to the issues raised in such reports.

The Committee makes recommendations to the Board regarding the appointment of an internal auditor or his removal from office and also makes recommendations to the Compensation Committee regarding the salary and compensation of the internal auditor and his promotion. In addition, the Committee makes recommendations to the Board of Directors regarding the letter appointing the Internal Auditor/internal audit function and approves the plan for assuring the quality of the internal audit function.

The Committee receives on an ongoing basis reports regarding disciplinary events and regarding the manner in which management has dealt with such cases.

The Committee examines deficiencies in the business management of the Bank and proposes ways of rectifying them.

The Committee approves the policy document regarding the handling of public complaints and the service charter and discusses the periodic report of the Public Complaints Commissioner.

The Committee holds discussions with the audit and control functions on their own, in the presence of the Committee members and the relevant officer alone.

The Committee discusses transactions with "related persons", as required under Directive no. 312 of the Proper Conduct of Banking Business Directives, and actions and transactions as required by the provisions of the Companies Law.

The Audit Committee is responsible for supervising the work of the Bank's independent auditors, including making recommendations to the Board of Directors regarding the compensation of the independent auditors, as well as examining the scope of their work and their wages. Moreover, the Audit Committee will submit its recommendations to the Board of Directors prior to the formation of the identity of the candidate for the office of Independent Auditor, to be tabled before the General Meeting of Shareholders, whether it is an initial appointment or extension of an existing engagement, and in cases of non-renewal of office or termination of office. It is also responsible for bringing its position before the general meeting whenever the agenda of a general meeting includes the termination of office of the independent auditor or the non-renewal of its office. Once every three years, the Audit Committee holds a discussion regarding the possibility of replacing the existing independent auditors of the Bank according to what is determined in the Proper Conduct of Banking Business Directive no. 301.

The Committee discusses the Bank's draft of the annual report and the quarterly reports to the public ("the Financial Statements") and submits recommendations to the Board with respect thereto. As part of the discussions on the Financial Statements, the Committee discusses the matter of customers where the allowance recommended to be made with respect thereto in the relevant quarter is in an amount greater than that prescribed by the Board. Furthermore, the Committee discusses the matter of disclosures regarding the accounting policy on critical topics and

regarding critical accounting estimates. Moreover, the Committee discusses and makes recommendations to the Board of Directors regarding the formal disclosure policy of the Bank.

Prior to the issue of a prospectus, the Committee discusses the draft prospectus before its submission for approval of the Board and makes recommendations to the Board regarding the draft.

Furthermore, the Committee makes recommendations to the Board in all matters relating to internal control over the financial reporting, in everything relating to the supervision over the current management of financial reporting risks, in accordance with Section 404 of the Sarbanes Oxley Act. The Committee approves the financial reporting risk management policy and the annual work plan for financial reporting risk management (SOX 404), and also monitors the progress of the plan's implementation.

The Committee receives an annual review from the independent auditors regarding the audit of the Financial Statements and regarding new developments in standards and regulation in Israel and the world over, as well as a quarterly review (the independent auditors' communications with the functions responsible for overall control).

The Committee also discusses the corporate governance questionnaire prior to its discussion in the plenum.

The Committee discusses and makes recommendations to the Board of Directors in matters regarding the existence of permanent conflict of interests of a director of the Bank. The Committee also discusses the issue of negligible relations regarding a director/candidate for office of director of the Bank, in accordance with the provisions of the Banking Ordinance and the Companies Law.

The Audit Committee has to approve whether and to what extent a candidate, who meets the qualification terms of an external director,

also meets the qualification terms of an independent director under the Companies Law.

Risk Management Committee

The Committee is authorized to discuss and to make recommendations to the Board of Directors in any matter relating to the overall risk strategy, including the risk management and risk exposure policy, in the Bank and in the Group. Within this framework, the Committee's role is to exercise control and supervision over the manner in which Management implements the overall risk strategy, including the risk appetite, as outlined by the Board of Directors, and also to discuss the scope of the exposure to the various risks and limitations on exposure; organizational preparations and corporate governance for the implementation of the risk strategy for exposure management and control; and also updating of the Board of Directors' procedures in the risk management field.

Furthermore, it is up to the Committee to ensure that new or developing risks are managed as required, and that the Bank's Management allocates appropriate resources to these. Moreover, it is the Committee's task to exercise control and supervision over the risks involved in the activities of the Bank's investee companies from the perspective of risk-based materiality.

The Committee is in regular contact with the Chief Risk Officer (CRO) and with the other audit and control functions so as to update the latest risk profile, the risk appetite, the limits and the deviation thereto, material default events, and the risk mitigation plans. In addition, the committee has established a work interface with the Audit Committee of the Board of Directors on material matters relevant to its sphere of responsibility.

The CRO submits immediate reports to the Committee and, if required, also to the Board of Directors, on any matter, finding or deficiency found in the area within the duty and authority of the Committee, which might have a material effect on the risk management at the Bank and the Group and/or on their business as well as other topics, at its discretion before

the Committee for discussion (the aforesaid is also applicable in relation to MDB and ICC).

The Committee discusses periodic reports on the issues from the risk management field in the Bank and in the Group, in accordance with Proper Conduct of Banking Business Directives and according to need. Inter alia, annual discussions take place regarding the risk appetite declaration, the Bank of Israel's uniform stress testing, the results of the holistic stress testing and the effects thereof on the capital, within the framework of the ICAAP, and the SREP letter and the Group's preparations for its implementation.

The Committee holds discussions on the Group policy documents and on the core documents in the field of risk management, at the frequencies prescribed for such discussions, and approves them or makes recommendations to the Board of Directors for their approval. Inter alia, the Committee is authorized to discuss and make recommendations to the Board of Directors with regard to the internal capital adequacy assessment process (ICAAP), with regard to insurance of the Bank and the Group and with regard to business continuity. Furthermore, the Committee is authorized to approve, or recommend that the Board of Directors approves, new products and activities.

The Committee holds a quarterly discussion as a secondary risk management committee in connection with activity in the United States (IDB Bank), inter alia, in accordance with the Proper Conduct of Banking Business Directives with regard to the supervision of overseas extensions.

Resources Committee

The Committee discusses matters relating to human resources, labor relations and labor agreements. The Committee monitors the process of updating the code of ethics and formulating the vision, values and rules of conduct of the Bank. It discusses the policy for social responsibility management, including reviewing the Bank's social commitment activity, and also the Bank's Environmental, Social and Corporate Governance Report. The Committee member, Mr. Kobrinsky, who is the

Committees of the Board of Directors at the Principal Subsidiaries in Israel

MDB

Operating at MDB are the following committees of the Board of Directors: Audit, Risk Management, Administration, Credit. The Administration Committee deals, among other things, also with the following matters: manpower, computerization, branches, organizational structure and efficiency. The Administration Committee receives reports from the President & CEO, from the VP Human Resources and Administration and from other parties in accordance with the subject matter. The Committee also receives reports regarding the bank's activity and employees in aid of the community and regarding the code of ethics, which was deployed at the bank from 2017. The Committee monitors the implementation plan and the measures for assimilating the code.

ICC

Operating at ICC are the following committees of the Board of Directors: Audit Committee, Risk Management Committee, Compensation Committee, Technologies, Information and Innovation Committee, and Agreements with Banks Review Committee. The Compensation Committee discusses also issues of manpower. The ICC's code of ethics was approved in July 2014 and validated in 2022 by the Board of Directors of the company. Reports regarding the social responsibility areas are submitted on a current basis to the Board of Directors of ICC.

The duties of the said committees and their authority, in ICC and MDB, are similar to those of the parallel committees of Discount Bank, as described above.

Chairman of the Board, personally follows matters relating to corporate governance.

The Committee ensures that a suitable plan exists for advancing a future Management pool, discusses the mobility policy for the Bank's officeholders and monitors the policy's implementation.

The Committee discusses matters pertaining to the relocation to the Discount Campus and the Bank's properties (real estate) management policy.

Compensation Committee

This Committee has been given the duties and powers required pursuant to Amendment No. 20 of the Companies Law and under Proper Conduct of Banking Business Directives.

The Committee discusses and makes recommendations to the Board of Directors regarding the compensation policy for the Bank's employees and its senior officers.

Where required, and prior to approval by the Board of Directors and the general meeting, the Committee approves the terms of engagement of the Bank with its senior officers as regards their compensation.

The Committee discusses the assessment of effectiveness of the compensation policy and mechanisms.

The Committee approves the annual bonus to the officers.

The Committee holds discussions and makes recommendations to the Board of Directors regarding principles relating to the compensation policy of principal corporations controlled by the Bank.

Technologies & Innovation Committee

The Committee is authorized to discuss and approve and/or to make recommendations to the Board of Directors on the following issues: the IT strategy and policy and its management, including data security and cyber, the Bank's technological infrastructures, management and

usage of databases, technological innovation in support of the business innovation and their alignment with the Bank's overall strategy and policy; how the Bank prepares for banking in the future and coping with the business challenges arising from technological innovation in general and disruptive innovation in particular; a framework for managing technological risks, including data security and cyber risks and innovation risks; annual work goals and plans; and, allocation of appropriate resources to achieve the planned activity of the banking corporation in the IT area, and data and innovation management.

The Committee discusses the following policy documents and makes recommendations to the Board of Directors regarding their approval: the IT management policy, the IT risk management policy, the IT risk tolerance declaration, the strategy and policy for cyber protection and data security management, the cyber risk tolerance declaration, the policy for using cloud computing technology, open banking policy and strategy, policy for managing E-Banking risks and a policy regarding innovation management based upon cooperation with startup companies.

The topic of privacy protection/customer privacy is discussed within the framework of the policy documents that are submitted to the Committee. Should there be technological aspects that relate to this topic, these are also brought before the Committee.

The Committee also approves projects and procurement agreements in the computer field, where the total amount of the investment therein exceeds NIS 35 million.



Mechanisms for the Prevention of Conflict of Interests among Directors

In accordance with Proper Conduct of Banking Business Directive No. 301, it is not permitted to appoint a director whose current business interests create a permanent conflict of interest between himself and the banking corporation or where fear of such conflict exists. According to legislation, a director has a fiduciary commitment toward the corporation in which he serves, including a commitment to avoid any conflicting activity between his duties as director and any other office he may hold or between his personal interests and/or of any action constituting competition with the business of the company and avoiding the utilization of any business opportunity of the company with a view to obtaining benefits for himself or for another person. The Bank's Board of Directors has approved guidelines and quantitative criteria for the prevention, on a permanent basis, of conflict of interest, based on the scope of the business relations of the director, which raise suspicion of conflict of interest and the materiality of the business relations with the Bank. The Bank's Board of Directors has also approved guidelines for cases where a Director has a personal conflict of interests.

In addition, within the frameworks of the Companies Law and the Proper Conduct of Banking Business Directives, procedures and mechanisms have been prescribed for dealing with cases where a conflict of interest exists, or may exist, between the corporation and an interested party therein. In this framework, the Law has determined the duties of disclosure, according to which a director is bound to declare any personal interest that he has in an existing or proposed transaction, to the extent required, for the purpose of determining a process of approval of a transaction, as stated, by the various organs, in accordance with the said directives.

Inter alia, it has been prescribed that a director who has declared that he has such a personal interest regarding a specific matter,

will not receive information from the banking corporation with regard to that matter, will not be present at a discussion pertaining to the matter in which he has a personal interest, and will not vote on such matter. The Directives also prescribe that a director who has an affiliation to a corporation in a secondary sector (a holding of at least 5% in one or more of the means of control over the corporation in the secondary sector, or serving as an officer of the corporation in the secondary sector), will not be present at discussions of the board of directors or of its committees that relate to a customer of the banking corporation, which is also a corporation in the same secondary sector, and will not receive information and reports with regard to that customer from the banking corporation.

Under the powers conferred upon it pursuant to the Companies Law, the Audit Committee of the Board of Directors has established yardsticks concerning transactions between the Bank and officers of the Bank, according to which decision would be made as to what transactions need to be brought before the Audit Committee for approval, whose duty it is to decide whether it is an irregular transaction that requires special approvals, in accordance with the Companies Law.

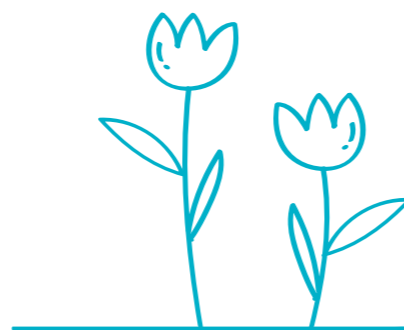
Furthermore, the Bank acts in conformance with the provisions of Proper Conduct of Banking Business Directive No. 312, in the matter of related persons, which sets requirements regarding obtaining approval of the Audit Committee for transactions between the Bank and persons related to the Bank, including transactions between the Bank and Officers of the Bank. In accordance with this Directive, the Audit Committee is required to confirm that the employment is not under preferential terms in relation to the customary terms of similar transactions that the Bank enters into with other parties.

In accordance with the aforesaid, a procedure has been prescribed for approving transactions with related persons and transactions in which an officer of the Bank has a personal interest. the aim of the procedure is to describe the

manner of treatment required for transactions with related persons and transactions in which an officer of the Bank has a personal interest (whether transactions of the Bank with the officer himself or transactions of the Bank with others), in accordance with Proper Conduct of Banking Business Directive No. 312 and in accordance with the Companies Law.

It should be noted that according to Proper Conduct of Banking Business Directive No. 301, directors of the Bank are prohibited from serving also as directors of corporations controlled by the Bank, as well as from serving as directors of a financial body, the volume of whose assets exceeds NIS 2 billion.

The aforesaid applies also to the board of directors of MDB and the board of directors of ICC. Furthermore, it should be noted that, due to the membership mix of ICC's board of directors, which, inter alia, is composed also of directors who act as officers of the owner banks of ICC, discussions by the board which might expose commercial and business secrets, as well as a potential for the violation of the antitrust laws, are not held in the presence of the directors who act also as officers of the owner banks, which are also not exposed to the discussion materials, and is also brought before the Agreements with Banks Review Committee, composed of external directors, for an in-depth review of the matter.



The Bank's Management

The President & CEO

The Bank's Board of Directors has the authority to appoint the President & CEO and is responsible for supervising and evaluating the performance of the President & CEO.

Members of Management

Members of management are appointed by the President & CEO, subject to the approval of the Board of Directors.

For additional details regarding the Bank's members of Management, see the 2022 Annual Report (p. 327) and the Bank's periodic report for 2022 (Regulation 26A). For additional details regarding members of Management of Mercantile Discount Bank, see the 2022 annual report of this bank (pp. 229-231 of the Hebrew report). For additional details regarding members of Management of Israel Credit Cards, see the 2022 annual report of this company (pp. 226-228).

Special and independent committee - proceedings in Australia



Different legal proceedings have been conducted in Australia and in Israel, against the Bank and against MDB ("the banks"), relating to accounts held with the banks by certain Australian family members and by companies related to them. The essence of the said proceedings is civil lawsuits (fiscal) filed in Australia by Liquidators of the related companies, claiming damage caused to these companies due to amended tax assessments issued by the Australian Tax Authorities. The claims were based on the argument (refuted) that the said banks had provided banking services to the customers, assisting them in evading the payment of taxes in Australia.

On January 31, 2021, the banks signed compromise arrangements in relation to the aforementioned proceedings and to an additional possible proceeding for the settlement of all claims and actions of the Plaintiffs against the Discount Group, including in relation to the proceedings, the family members and the related companies, with

Details regarding members of Management*

The Corporation	Discount Bank	MDB	ICC	IDB Bank
Number of members of Management	12	9	9	13
Women	4	3	2	4
Men	8	6	7	9
Age: Up to 50	6	5	4	7
51-60	5	2	4	3
61 and over	1	2	1	3

* The data is updated through to the date of publication of the 2022 Annual Report.

this being without any admission of liability. In accordance with the aforesaid arrangements, the amount of the settlement totals approx. AUD 138 million, equivalent to approx. NIS 343 million.

Concurrently, the Bank has agreed to an arrangement whereby the insurers will pay the banks an amount of approx. US\$ 55 million in respect of which an amount of approx. US\$ 47.5 million (approx. NIS 151 million) was recorded as income.

For further details, see Note 26 C 11.3 to the financial statements as of December 31, 2020 (pp. 230-231).

The Bank had conducted a conclusion drawing process in order to avoid repetition of events of this nature, and in this framework has reexamined processes and procedures.

As required by the Supervisor of Banks, the Boards of the two banks have decided to establish a joint committee of the two Boards of Directors, which will be a special independent committee that will be headed by the Hon. Judge (Retd.) Ms. Hila Gerstel. On August 15, 2021, the Hon. Judge (Retd.) Mr. Yaacov Sheinman was appointed Co-Chair of the Committee, alongside the Hon. Judge (Retd.) Gerstel.

The committee will examine the administrative and the control processes that allowed the conduct of the Banks, which led to the proceedings in respect of which the compromise arrangements were signed, while addressing, inter alia, to corporate governance aspects and the conduct of the Board of Directors and the senior Management, including drawing conclusions and making general and personal recommendations with regard to officers and employees, where necessary, including in relation to compensation awards granted to the officers during the relevant period.

According to information in the hands of the Bank, the Committee had completed the gathering of material and the hearing of


Officers and employees appearing before it, and is now forming its conclusions and recommendations.

The committee will present its conclusions and recommendations to the Boards of Directors of the banks.

The committee's conclusions and recommendations will be notified to the Supervisor of Banks, in response to the latter's request to the banks.

Compensation of Senior Officers

Compensation of Directors (Excluding the Chairman of the Board)

 In accordance with Proper Conduct of Banking Business Directive No. 301A ("Directive 301A"), the compensation for all directors of the Bank, excluding the Chairman of the Board, is to be determined in an identical manner and in accordance with the manner of determining the compensation of an external director, in accordance with the Companies Regulations (Rules Applying to Compensation and Reimbursement of Expenses of External Directors), 2000 (in this section: "the Regulations"). In addition, the Amendment to Directive 301A, from August 2015, prescribes that the compensation of all members of the board of directors, including the chairman, will be fixed compensation alone.

The amounts of the compensation for external directors and for other directors, serving with the Bank and defined in the Regulations as "expert" directors, are in accordance with the maximum amount determined in the Regulations for an expert external director. A director who is not defined as an "expert" director is entitled to compensation in accordance with the compensation to which an external director who is not defined as an "expert" is entitled. The compensation is composed of a fixed annual amount with the addition of compensation for participation in each meeting of the Board or of one of the

committees of the Board. The compensation does not include any component that is connected to the performance of the Bank.

Directors' compensation at MDB is determined in accordance with the Regulations, based on the capital grading relevant to MDB. The annual compensation of directors, who serve as officers of Discount Bank, is paid to Discount Bank.

Directors' compensation at ICC is determined in accordance with the Regulations and is payable to directors who do not serve as officers of the owner banks. The compensation is based on the capital grading relevant to ICC.

The Terms of Service and Employment of the Chairman of the Board and the President & CEO

For details regarding the terms of service and employment of the Chairman of the Board of Directors and of the President & CEO of the Bank, see Note 35 to the financial statements as of December 31, 2022 (pp. 310-315).

Letters of the Supervisor of Banks in the matter of "principles for determining the terms of office of the chairman of the board of a bank having no core controlling interest". The letter, published on August 1, 2019, states that the Supervisor of Banks would not intervene with regards to the terms of office of the Chairman of the Board, determined according to the principles stated in the letter, on condition that these are determined for the period ending at the end of the year 2020. During this period, the Supervisor will examine the definitions of the office and the new terms of office relating to chairmen of boards of directors of banking corporations having no core controlling interest as well as the need to amend the Directive. The letter clarifies that the terms of office of the chairman of the board shall be determined according to principles, which ensure that the duties and authority of the chairman do not deviate from

the duties and authority conferred upon him by Law, and that the terms of compensation do not create "affinity" and/or might impair the independence of the chairman. Furthermore, the letter notes that the need to establish the status of the chairman of the Board as being part of the board of directors and segregate him from the management of the bank, including by means of determining his compensation in relation to the manner in which the other members of the board of directors are being remunerated, as stated in Proper Conduct of Banking Business Directive No. 301A, is of a double importance in the case of a bank having no core controlling interest.

It is noted that the terms of office that had been approved for the Bank's Chairman of the Board, as described in Note 35 F to the financial statements, comply with the principles determined by the Supervisor of Banks, as stated in her said letter.

On December 21, 2021, the Bank received a letter from the Supervisor of Banks in the matter of the principles determining the terms of office of the chairman of the Board of Directors of a bank having no core controlling interest. According to the letter, the Supervisor of Banks shall not interfere with the terms of office of the chairman of the board if such terms match his duties, provided these are determined for the period until the end of September 2022 and letters dated June 22, 2021, and September 12, 2021, stating that the Supervisor of Banks would not interfere with the terms of office that would fulfill that stated therein, until the end of September 2021 and the end of December 2021, respectively. The said letter is an extension of the letter of August 2019, which stated, as above, that the Supervisor will not interfere with terms of office that agree with the contents thereof until the end of 2020, in the course of which the Supervisor of Banks will publish the definitions for the position and the new terms of office of chairpersons of boards of directors of banking corporations having no core controlling interest, through an amendment of Proper Conduct of Banking Business Directives.

Compensation Plan for Officers

Compensation policy for officers of the Bank (2020-2022) – At a special general meeting held on March 18, 2020, it was resolved to approve the compensation policy for the Bank's officers for the years 2020 through 2022, in accordance with Section 267A of the Companies Law. The compensation policy will remain in force for a period of three years from the date of the general meeting's approval.

Compensation policy for officers of the Bank (2023-2025) – At a special General Meeting held on February 28, 2023, it was resolved to approve the compensation policy for the Bank's officers for the years 2023 through 2025, according to Section 267A of the Companies Law. The compensation policy will remain in force for a period of three years from the date of the general meeting's approval.

The Bank's compensation policy is subject, inter alia, to the provisions of the Companies Law, the Supervisor's directives and the Compensation Law.

It should be noted, that the Companies Law (Section 267A) states, among other things, that the majority of votes at the general meeting, which approves the compensation policy for officers, will comprise the majority of all the votes of shareholders participating in the meeting, who are not the controlling shareholders of the company or who do not have a personal interest in the approval of the compensation policy.

For further details regarding the compensation plan for officers of the Bank, see Note 23 to the financial statements as of December 31, 2022 (pp. 215-219).


Mechanism for the reimbursement of variable compensation – Directive 301A states that variable compensation paid to a key employee will be subject to the obligation of reimbursement in exceptional circumstances where the employee was involved in activity causing exceptional damage to the corporation,

including: unlawful activity, violation of fiduciary duty, deliberate violation or disregard of gross negligence of the policy of the banking corporation, its rules and procedures, or in the event of fraud or deliberate inappropriate conduct, which caused the restatement of data in the financial statements.

For further disclosure regarding "compensation", see the document "Disclosure according to the third pillar of Basel and additional information regarding risks", available for perusal on the Internet (pp. 107-113). For details regarding compensation at MDB, see "Additional disclosure according to the third pillar of Basel - as of December 31, 2022" (pp. 106-113 of the Hebrew report). The said report is available on the website of MDB. For details regarding the compensation plan for the CEO of ICC, its managers and employees, see the annual report of the company for 2022 (pp. 169-173) and the "Additional disclosure according to the third pillar of Basel" - 2022 annual report (pp. 54-59 of the Hebrew report). The said reports are available for perusal on the website of the company.

Principal Control Functions

The Internal Audit

 The Bank's Internal Auditor is Mr. Nir Abel, CPA (Isr.), who assumed office in May 2011. Internal audit is a self-sufficient and independent function, as defined in section 7 of Proper Conduct of Banking Business Directive No. 307. The Chairman of the Board of Directors is the organizational entity in charge of the Internal Auditor.

The Internal Audit, which serves as the third line of defense regarding risk management at the Bank, comprises a layer in maintaining proper corporate governance, and performs independent audit of the effectiveness of controls, the monitoring of risk, improved efficiency of procedures, exposure to data protection and cyber, and reflects to Management and to the Board of Directors a situation report regarding the conduct of the Bank. The internal audit operates according

to an annual and multiyear work plan, focused on risks, which was designed on the basis of an overall risk survey, conducted according to new and accepted methodologies, and was influenced by local and international guidelines (including Basel, SOX, COSO and Proper Conduct of Banking Business Directive No. 307 regarding the internal audit function).

The internal audit is a function having Group responsibility and, therefore, emphasis is placed upon the existence of interfaces with the subsidiary companies that have their own internal audit units in the fields of methodology, approval of work plans, etc.

The internal audit is carried out according to the provisions of the Internal Audit Law, 5752-1992, and of Proper Conduct of Banking Business Directive No. 307, "The Internal Audit Function".


For further details regarding the internal audit at the Discount Group, see the 2022 Annual Report (pp. 328-331).

The Internal Auditor of MDB is Ms. Tsiona Cohen, who has served in this position since August 2012. For details regarding the internal audit at MDB, see the 2022 Annual report of this bank (pp. 231-233 of the Hebrew report).

The Internal Auditor of ICC is Ms. Lilach Zilber-Tal, who has served in this position since September 2020. For details regarding the internal audit at ICC, see the 2022 Annual report of ICC (pp. 228-230).

The Internal Auditor of IDB Bank is Mr. Mario Lemos, who has served in this position since November 2017.

Risk Management Division

 The Chief Risk Officer is Ms. Orit Caspi²⁸ officiating from July 10, 2022 and also serves as Head of the Risk Management Division. The Chief Risk Officer is a member

RISK MANAGEMENT HAS BEEN DEFINED BY THE BANK AS A FUNCTION HAVING GROUP RESPONSIBILITY. ACCORDINGLY, EMPHASIS IS BEING PUT ON ASPECTS OF THE GROUP SUPERVISION AND CONTROL AND ALL THE ONGOING INTERFACES WITH THE SUBSIDIARIES IN ISRAEL AND ABROAD AND ON THE GUIDANCE PROVIDED TO THEM REGARDING THE ADOPTION OF PROCESSES AND TOOLS ACCORDING TO METHODOLOGIES DETERMINED BY THE PARENT COMPANY, MUTATIS MUTANDIS

of Management and reports to the President & CEO independently from the business lines that create the risk. The Chief Risk Officer assists the Board of Directors in fulfilling its duties regarding risk management, and has full access to the Board of Directors and to the Board's Risk Management Committee. The Chief Risk Officer is responsible for the management of all risks at the Bank and the Group, within the framework of the second line of defense.

Risk management has been defined by the Bank as a function having Group responsibility. Accordingly, emphasis is being placed on aspects of the Group supervision and control and all the ongoing interfaces with the subsidiaries in Israel and abroad and on the guidance provided to them regarding the adoption of processes and tools according to methodologies determined by the parent company, mutatis mutandis.



²⁸ Mr. Levi served as the Chief Risk Officer and Head of the Risk Management Division until February 22, 2022. From this date and until July 10, 2022, Mr. Amir Rozin, Deputy Head of the Risk Management Division, acted as substitute of the Head of the Risk Management Division.

Among the main tasks of the Division:

- Recommendations regarding the risk appetite and risk management policy, identification and correct evaluation of the risks and exposures;
- Monitoring and current reporting to management and the Board of Directors, as a risk-based management and control tool;
- Verification of capital adequacy, ensuring the long-term stability of the Group;
- Involvement in material processes and projects, such as: supporting the strategic planning and accompanying strategic and business processes, integration of new work procedures derived from regulation;
- Leading the credit policy and the integration of risk-based pricing, providing a second opinion on credit applications and on investments that involve a material credit exposure and approval of ratings, classifications and allowances, challenging of the capital planning, strengthening of risk-based compensation aspects, improving tools, models and systems supporting risk management, identification of developing risks, etc. This, with the aim of verifying the integration of risk management aspects as an integral part of the business processes and testing their anticipated impact on the risk profile;
- Active involvement in managing the processes regarding prohibition of money laundering and the financing of terror at the Bank and international sanctions, as well as management of the risk and conducting current controls regarding compliance matters, administrative enforcement and cross-border risks;

THE RISK MANAGEMENT DIVISION IS INVOLVED IN MATERIAL PROCESSES AND PROJECTS, SUCH AS: SUPPORTING THE STRATEGIC PLANNING AND ACCOMPANYING STRATEGIC AND BUSINESS PROCESSES

- Active involvement in managing the processes relating to competition laws and the topic of privacy protection;
- Coordinating new-product processes, together with the Bank's professional functions and the control bodies;
- Model risk management and responsibility for model validation.

The Risk Management Division incorporates independent functions that support the risk management, comprising the units managing credit risks, market risks, liquidity and investment in securities, operational risk, including business continuity risks and fraud and embezzlement risks, IT risks and cyber risks, as well as compliance risks, prohibition of money laundering and finance of terror risks and cross-border risks.

The managers of the risk management units operate as the second line of defense and conduct a variety of processes for the identification, measurement, evaluation as well as control and risk mitigation. Furthermore, the Chief Risk Officer is responsible for control functions, including the credit controller, a second opinion unit for credit applications, as well as a supervision and evaluation function, which performs comprehensive assessment processes of the risk profile of the Bank and of the Group, including assembling the quarterly risk documents, management of the annual Internal Capital Adequacy Assessment Process (ICAAP), and also performs supervision and control processes over the subsidiaries in Israel and abroad from risk management aspects.

The above stated applies in essence also in relation to IDB Bank, MDB and ICC, mutatis mutandis.

For further details regarding the risk management at Discount Bank, see the 2022 Annual Report (pp. 63-112) and in the document "Disclosure according to the third pillar of Basel and additional information regarding risks", which is available for perusal on the MAGNA website of the Israeli Securities Authority, on the MAYA website of the Tel-Aviv Stock Exchange Ltd. and on the Bank's website.

The Chief Risk Officer of IDB Bank is Mr. Daniel Roberts, who serves in this position from May 2022.²⁹

The Chief Risk Officer of MDB is Mr. Mohamed Awad, who has served in this position since October 15, 2020. For details regarding risk management at MDB, see the 2022 annual report of this bank (pp. 36-72 of the Hebrew report) as well as the document regarding "Disclosure according to the third pillar of Basel and additional information regarding risks" of this bank (in Hebrew).

The Chief Risk Officer of ICC is Mr. Amit Krauser, who serves in this position since July 2021. For details regarding risk management at ICC, see the 2022 annual report of ICC (pp. 61-91), as well as the document regarding "Disclosure according to the third pillar of Basel and additional information regarding risks" of ICC (in Hebrew).

Prevention of Corruption

➤ Discount Bank offers its customers financial services of the highest standard, with consistent and strict adherence to the rules of conduct and ethical norms expected from a financial body, which is committed to the general public it serves and to the community in which it operates. As a financial institution, our level of ethics has to be at the uppermost end in order to earn public trust and fulfill our duty in maintaining the law layout in the State of Israel. The Bank's Board of Directors is responsible for setting high standards of conduct, designed to promote professional conduct and integrity, and for the integration thereof throughout the organization".

Fraud and Embezzlement Risks

➤ As a financial corporation, the Bank holds funds and financial assets of its customers. In operations of this nature, the most basic condition for conducting business

is the trust which its customers, managers and employees feel toward the Bank. Hence the importance of management of fraud and embezzlement risks.

AS PART OF THE BATTLE AGAINST BRIBERY, FRAUD AND EMBEZZLEMENT, THE BANK HAS INTEGRATED DIFFERENT PROCEDURES, INCLUDING PROCEDURES PROHIBITING EMPLOYEES FROM BEING IN A SITUATION OF CONFLICT OF INTERESTS, IN GENERAL, AND FROM ACCEPTING GIFTS FROM PARTIES WITH WHOM THEY MAINTAIN RELATIONS IN THE COURSE OF THEIR WORK, IN PARTICULAR

The management of fraud and embezzlement risks is conducted by the Discount Group as part of the operational risk management. Management of the risk is achieved by three lines of defense:

First line of defense – the business units. The Bank and the Group conduct operating risk surveys and maintain, as a routine matter, the operational risk maps by means of a designated operational risk management system. Each risk center manager is responsible for the evaluation of the risks inherent in the operations of his unit. The risk maps contain, among other things, also embezzlement and fraud risks.

An operational risk survey was conducted at the Bank and at companies in the Group in 2022, within the framework of which were examined, inter alia, fraud and embezzlement risks. In addition, each manager of a risk center

²⁹ Mr. Paul Caulfield acted in this position until January 2022. In the period from January 2022 to May 2022, the office was fulfilled by Mr. Walter Daffi.

has the duty of updating the risk map on an ongoing basis, whenever there has been a material change in a work process, systems or in the effectiveness of the controls. This is in accordance with the risk assessment methodology, as defined by the Risk Management Division.

The first line business units maintain control means with respect to the operations within their authority, in order to minimize the risk of embezzlement and fraud occurring and create an environment that cultivates integrity and fairness towards customers.

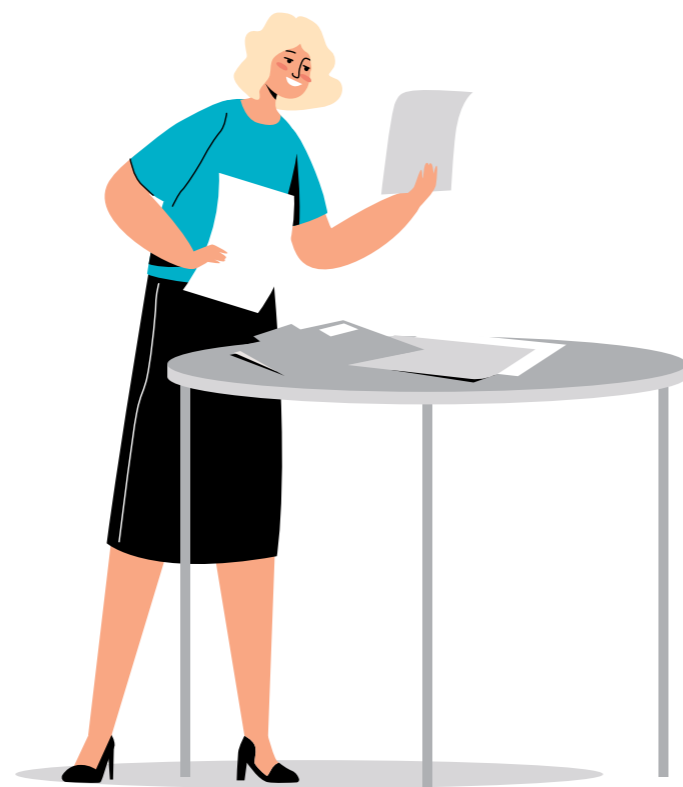
An independent control function operates at each division, and is used, inter alia to identify suspicious activity.

With respect to fraud, monitoring is performed marked by super proactivity, in view of the need to initiate defense moves and preparations against the risk of fraud events, and this in accordance with intelligence information or experience gained in the banking and financial system. The cyber defense and data protection group at the Technologies Division serves as a first line of defense in the management of fraud risk and the monitoring of anomalies relating to fraud events in the Bank's direct channels. The criminal and fraud field at the Security Department of the Operations and Assets Division serves as a first line of defense for the management of fraud risk and the handling of fraud events performed by physical means, such as: impersonation, forgery of identity cards, forgery of signatures and of seals, forgery of checks and bank documents, as well as fraud by means of cellular and wire communication lines.

Second line of defense – The Risk Management Division. In its role as the second line of defense, the Division defines the operational risk management policy, including the management of embezzlement and fraud risks. The policy defines the manner of management, monitoring, mitigating and reporting of such risks. Furthermore, the Risk Management Division challenges the risk assessment that the first line of defense

performs, which includes also assessing the effectiveness of the controls and of the mitigation plans prescribed for them. Within the operational risk management department operates a designated unit – the embezzlement and fraud risk management unit. Among the unit's duties are: increasing awareness of the issue of fraud risks and embezzlement risks, and abnormal behavior of employees, current monitoring of irregular activities of employees, reporting them, where required, to the internal audit function, etc. An advanced system for monitoring irregular activity of employees is operated since 2019. In addition, the Division conducts integration and learning processes with respect to management of such risks, including courseware, lectures to managers, professional conventions, and more.

The activity of the unit for the management of embezzlement and fraud risks is conducted by means of work interfaces with the units participating in the management of economic crime risk at the Bank, including: the cyber defense and data protection group, the criminal and fraud unit, the internal control, the officer in charge of administrative enforcement, human resources, the Security Department, the Control and Risk Management Department (MO).



In addition, the Compliance Control and Consulting Department of the Division, performs, within the framework of its activity, controls over embezzlements and/or unethical conduct among consultants and dealing room traders, inter alia, by sample listening to dealer conversations, analyzing changes and cancellation of transactions, sample control of exceptional pricing of transactions, and more.

Third line of defense – The Internal Audit reviews and audits the quality and appropriateness of work procedures at all divisions of the Bank as well as the quality of control of the first and second lines of defense, including the field of embezzlement and fraud risk management.

In addition, as the third line of defense, the internal audit function examines the risk surveys and the manner of challenging them, and also examines the effectiveness of controls. Clear procedures and guidelines have been established as regards the manner of reporting to the internal audit of events suspected of being embezzlement. In this context, among others ways, a "hot line" (in a number of channels: telephone, mail, the Bank's marketing website) has been installed, through which the Bank's employees, its customers and suppliers, are able to report anonymously suspicious/irregular events. Moreover, a module was developed on the Bank's Internet website, which allows customers/suppliers/employees to report exceptional events. The Internal Audit performs a wide examination of the reports received through the different channels, which includes the issue of an audit report, and where required, submitting the case to the Disciplinary Committee.

The internal audit function taking explanatory procedures and an extensive drawing of conclusions in lectures in the field units, executive conferences and various forums, and distributes several times a year learning pages of extraordinary events to all Bank employees. The internal audit function at MDB acts in a similar manner.

It should be noted that, in addition to the examinations made following reports being

received, initiated examinations are carried out in order to monitor irregular transactions. A "dashboard" has been developed as part of the audit, which issues alerts regarding exceptional transactions. In addition, the internal audit function examines on an ongoing basis the accounts of employees within the framework of audit work performed during the year or of specific audits. Some dozens of such accounts are examined yearly. Specific examinations of employee accounts are also conducted as a result of approaches made by customers, employees, the operational risks department in the Risk Management Division, public complaints or the intensification of current audit following audit findings.

In cases where irregular activities are found or where there is suspicion of actions contrary to employee work procedures, treatment of the case is conducted by the Disciplinary Committee, which may decide on termination of employment, reprimand, removal from office, transfer from the unit, etc.

The special examinations and the resulting findings are reported to the Audit Committee, within the framework of current reporting and within the framework of the periodic reporting (quarterly and annual) with respect to the activity of the Internal Audit Division.

52 special examinations were performed in 2022. No exceptional activity was identified in 28 cases. Employment of six employees was terminated. 42 special examinations were performed in 2021. No exceptional activity was identified in 24 cases. Employment of nine employees was terminated. The remaining cases were concluded by reprimand, by written or oral warnings and by clarification sessions with employees and sessions with employees of the units for the refinement and refreshing of procedures.

The cases examined in 2021-2022 involved two cases of theft of money from a customer's account by an impersonator (a third party). All other cases related to irregular activity in employee accounts, conflict of interest,

> Continue on page 225

Prevention of Corruption at the Principal Subsidiaries

MDB

A number of special examinations of employee accounts were performed in 2022, in which no irregular activity was found. Moreover, following information that had reached Internal Audit, seven exceptional cases relating to operations by employees were examined. As a result of these examinations, employment of six employees was terminated at the bank and regarding other employees, measures were taken such as reprimanding and denying their promotion.

ICC

The Officer in charge of security at ICC was appointed in 2020 also as Officer responsible for the prevention of embezzlements. As part of his duties, the Officer in charge of security is responsible for performing reviews, increasing awareness of this subject, monitoring irregular activity, investigating and reporting, where required.

In the course of 2021, the Officer in charge of security at ICC attended to four cases, which involved irregular activity concerning employees and permanent consultants. Disciplinary measures have been taken in respect of these cases, including reprimand recorded in the personal file or the termination of work relations.

In addition, the Officer in charge of security attended to several cases of irregular activity on the part of employees of sales promotion companies engaged in the marketing activity of credit products. The work of those involved in these cases had been terminated.

All these cases had been investigated by the Officer in charge of security at the Risk Management Division, and reports summing-up the events and the drawing of conclusions have been submitted to Management and to Board Committees. ICC is implementing the conclusions drawn in accordance with the determined time schedules.

ICC is adopting explanation and drawing of conclusion measures, either through communicating the cases or through lectures at the Divisions and at Manager Courses.

Regarding irregular activity by employees, disciplinary measures were taken, including termination of employment. Regarding improper activity by sales promotion companies and service providers, the employment of those involved was terminated and the companies were fined.

All the events were investigated. Event conclusion reports were prepared and lessons learned by the security officer at the risk management division, and were submitted to the Management and to the Board committees. Conclusions from the lessons learned have been implemented at the company.

Additional Means for the Prevention of Bribery, Fraud and Embezzlement at the Bank's Principal Subsidiaries

IDB Bank

IDB Bank adheres to all federal, state, and local laws, including but not limited to the federal Bank Bribery Act, and the Foreign Corrupt Practices Federal Act. IDB Bank has a Code of Conduct which all employees are required to sign and abide by, and which includes the Bank's rules regarding compliance with internal controls, conflicts of interest and receipt of gifts. IDB Bank also manages risk through a similar approach using three lines of defense: the business unit, risk management and compliance, and internal audit.



> Continue from page 223

privacy matters, operations in accounts of related persons, money laundering matters, differences in cash balances and irregularities in management of cash-on-hand, work contrary to procedures, moonlighting, violation of the code of ethics of the Bank, etc.

The internal audit units at the Bank, at ICC and at MDB, perform audits of the manner in which embezzlement and fraud events are handled, and the manner of the drawing of conclusions and their assimilation.

Additional Means for the Prevention of Bribery, Fraud and Embezzlement

> As part of the battle against bribery, fraud and embezzlement, the Bank has integrated a conflict of interests' policy and different procedures, including procedures prohibiting situations of conflict of interests applying to employees in general, and acceptance of gifts from parties with whom they maintain relations in the course of their work, in particular. In accordance with the said procedures, the receipt or payment of "facilitation payments", inter alia, are prohibited. Moreover, there is a wide assimilation of the code of ethics concerning, among other things, these issues.

In addition, an update to the employees' activity procedure was issued, which clarifies the definition of related persons and the duty to prevent conflicts of interest.

In addition, and according to the decision of the Bank's Board of Directors, relevant employee populations were required in 2022, to sign an annual declaration regarding their related persons and avoidance of conflict of interest. This is an annual procedure (applied once in every calendar year).

The payment procedures at the Bank involve strict approval and control procedures. Donations are approved by an internal committee (the Donations Committee), and with respect to each donation, an examination

is performed regarding the substance of the receiving association, its objects and as to whether it has all the required approvals. For additional details, see below in "Compliance with the provisions of the law and regulations".

Mechanism for exposing corruption – "Whistle blowing". A "hot-line" was installed at the Internal Audit Division for reports to be made anonymously, and a circular was issued in this respect to all employees. The circular stated that the internal audit function would ensure that the identity of the complainant would not be exposed without his permission, unless so required by the Court. The circular also clarified that the Bank's management shall not permit employment of any measures against employees whose complaint had been submitted bona fide.

The "hot-line" is intended for reports regarding the following matters: suspicion of fraud and embezzlement; concern regarding improper accounting operations; suspicion of violation of the law; material deviation from the Bank's procedures. The manner of reporting and treatment of complaints concerning financial irregularities has been established in the internal audit procedures.

In the aforementioned information sheets that it distributes several times a year, the internal audit function notes the existence of the "hot-line" and its number. In addition, as part of "FaceBank", the central tool for intra-organizational communication, details are provided regarding the "hot-line", aimed within the framework of "complaints and reporting centers" and the reporting channels.

A report concerning complaints received through the "hot-line" is submitted to the Audit Committee of the Board of Directors.

The mechanism for reporting by means of the "hot-line" has been communicated to employees, including by means of a link on the employee portal for reporting via the "hot-line" of the internal audit function. MDB and ICC also operate a "hot-line", which operates in a similar fashion.

Prohibition on Political Activity

The Bank supports a social and environmental agenda in Israel, though it rigidly adheres to not acting politically. The Bank does not support political bodies nor does it make any contributions to political bodies, political parties or politicians.

The rules of the Bank prohibit the use by employees of the premises of Bank or of its resources for political purposes. Whenever general elections are declared in Israel, the said rules are refreshed by the Bank.

Compliance with Regulation

Discount Bank strictly manages its business in a legal and proper manner, diligently complying with the provisions of the law and regulation in its activities.

The Bank has stated in its policy documents the extent of tolerance with respect to deviation from compliance provisions and risk tolerance therefor. The Bank has established processes and procedures for the implementation of requirements of regulatory instructions applying to the Bank and the enforcement thereof. The Bank also conducts processes regarding the drawing of conclusions from failure events, customer complaints and control and audit

reports. At the same time, and where required, the Bank updates forms, control processes, systems, procedures, etc. that support relevant products and services. Furthermore, employee training and absorption activities are conducted. The code of ethics adopted by the Bank includes a declaration regarding the commitment to comply in letter and spirit with the provisions of all laws, regulatory guidelines and the Bank's procedures.

In accordance with Proper Conduct of Banking Business Directive No. 308, "Compliance and the Compliance Function at a Banking Corporation", compliance risk management is performed in an overall manner covering all compliance provisions applying to the Bank, which are relevant to its operations and which impose on it operative compliance duties, and not only provisions having bank-customer relations aspects. In addition, since November 1, 2020, the Bank has started examining the significant changes from overseas in compliance directives and in enforcement policy, which are applicable to the Bank and to its extensions. Within this framework a work process was structured for mapping international regulation provisions that might have to be applied by the Bank and the subsidiaries.

In accordance with instructions of the Banking Supervision Department, the Bank has appointed a Chief Compliance Officer, who assists senior Management and the Board of Directors in the effective management of the statutory and regulatory provisions applying to the Bank, including with respect to anti-money laundering and terror financing and, since 2016, also with respect to internal enforcement fields in the securities laws, and the supervision over financial services (pension consulting) regulations, and cross-border risks, as well as in the fields of enforcing the competition laws and the privacy protection laws. This, at the Bank and at the relevant subsidiaries in the Discount Group. Among his other duties, the Chief Compliance Officer examines and verifies the Bank's readiness for any new operation, in order to verify the compliance and implementation of the provisions of the law and regulation within the

area of his responsibility. The Chief Compliance Officer also conducts, through the compliance functions, a follow-up of the rectification of deficiencies concerning compliance, in order to avoid their repetition in the future, monitors audit reports and customer complaints brought to his attention, and initiates action for the detection of cross-organizational failures.

The Legal Counsel Division at the Bank assists in the implementation of the duties applying to the Bank, by interpretation of the law and by legal counseling in the course of the current business activity. The provisions of the law and procedures are also being enforced on an ongoing basis by the various control and supervisory systems, which are intended to ensure compliance with the provisions of the law and regulations applying to the Bank.

It should be noted that, in order to increase effectiveness of compliance at the Bank's branches and different units, employees of the first line of defense have been appointed to serve as compliance officers/trustees. Moreover, employees have been appointed to serve as compliance risk managers at the different divisions. These employees assist in verifying the implementation of the statutory and regulatory in the different matters of compliance and prohibition of money laundering, which are under their responsibility, as determined in the Bank's procedures. Such employees serve as information centers and assist in the training and implementation of compliance, fairness and decency values among the Bank's employees.

Moreover, employees are instructed to make use of the "hot-line" that is operated by the internal audit function (see above) also for the purpose of reporting compliance issues.

Furthermore, the Bank's Internal Audit Group performs audits at the Bank's units and cross-organizational audits, within the framework of which, among other things, integrity, compliance with the law and compliance with various regulatory provisions and with procedures determined by the Bank, are examined. The Internal Audit Group also

examines the functioning of the parties at the Bank entrusted with supervising compliance with the provisions of the law. A similar activity is conducted at ICC too.

Several times a year, the internal audit function distributes information sheets to all the Bank's employees regarding exceptional events. In addition, staff of the internal audit function give lectures at the various units of the Bank regarding, inter alia, exceptional events and material deficiencies revealed in the compliance field.

The aforesaid also applies with respect to MDB, mutatis mutandis.

Integration and Training

As a structured part of the compliance culture at the Bank, all bank employees, whether in senior or junior positions, undergo training in various matters of compliance, while designated employee populations undergo also training with respect to specific compliance matters.

As part of the training for familiarization with the Bank, each new employee undergoes training in matters of ethics, which, among other things deals with various aspects of normative-ethical conduct.

Among the actions taken for assimilating the compliance culture at the Bank, significant use has been made of auxiliary training and learning tools in order to reach every last one of the Bank's employees.

THE BANK COMPLIES WITH STATUTORY AND REGULATORY PROVISIONS AND ALSO ACTS IN CONFORMANCE WITH THE CODE OF ETHICS IN WHICH THE BANK'S VALUES ARE ANCHORED AND WHICH PRESCRIBES APPROPRIATE STANDARDS FOR FAIR AND TRANSPARENT CONDUCT AND BEHAVIOR VIS-A-VIS THE CUSTOMERS

AS PART OF THE TRAINING PROGRAM FOR FAMILIARIZATION WITH THE BANK, EACH NEW EMPLOYEE UNDERGOES TRAINING IN MATTERS OF ETHICS, WHICH, AMONG OTHER THINGS DEALS WITH VARIOUS ASPECTS OF NORMATIVE-ETHICAL CONDUCT

Prohibition of Money Laundering, Prohibition of the Finance of Terror and International Sanctions

➤ The Bank acts to implement the requirements pursuant to the Anti-Money Laundering Law and the Fight Against Terror Law, and the regulations enacted under these laws and also acts according to international sanctions and lists of declared entities under power thereof. The Bank further acts to have the Bank's employees assimilate the directives relating to the prohibition of money laundering and the financing of terror. To this end, the Bank invests resources for the updating and development of systems supporting the fulfillment of the provisions of the of the law, with special emphasis given this year for scanning for declared entities, as well as strengthening infrastructure and automation.

Within the framework of integrating the regulatory guidelines and international standards in the anti-money laundering field, a Group risk management policy was prescribed, which included also reference to the prevention of using accounts held with the Bank for offences of bribery and corruption. Also expanded in 2022 was reference to international sanctions and scanning for declared entities. Also updated is the policy relating to activity involving virtual currencies.

NO FINES IN MATERIAL AMOUNTS AND NO NON-MONETARY SANCTIONS WERE IMPOSED, DURING 2022, ON ANY OF THE CORPORATIONS THAT ARE COVERED BY THIS REPORT, WITH RESPECT TO NON-COMPLIANCE WITH LAWS AND REGULATIONS

The subjects of the prohibition of money laundering, prohibition of the financing of terror and international sanctions have become in recent years part of the most important enforcement and prevention subjects in international and domestic legislation, and regulation on this topic is changing and developing, intensifying the requirements for monitoring, supervision and follow up. Work procedures are being updated on a regular basis. Concurrently, within the framework of integrating this subject into the compliance culture of the Bank, the Bank holds various training and learning sessions for employees by means of frontal studies, computerized courseware made available to the branches and Head Office units, and case studies. Employees are also exposed to updated information via the Bank's Intra-net site.

In addition, the Bank uses effective control and supervisory tools in order to monitor irregular transactions and to fulfill the duties imposed upon the Bank according to the law.

The aforesaid also applies with respect to MDB and ICC, mutatis mutandis.

Fines

➤ No fines in material amounts and no non-monetary sanctions were imposed, during 2022, on any of the corporations that are covered by this report with respect to non-compliance with laws and regulations.

Notwithstanding the above, the following proceedings should be mentioned, even though each of them and all together do not add up to a material amount:

➤ On May 8, 2022, the Supervisor of Banks imposed upon ICC a monetary sanction in the amount of NIS 650 thousand, for violation of Section 11(a) of Proper Conduct of Banking Business Directive No. 470, according to which an issuer of a card shall not charge a customer for transactions effected after termination of the charge card agreement.

➤ Continue on page 230

Compliance with Regulation at the Principal Subsidiaries

IDB Bank

The bank's Code of Conduct ("the Code") guides everyone at IDB Bank – employees, officers, and directors – in meeting their responsibilities to the bank and its customers, and in making ethical business decisions. It is designated to provide everyone at IDB Bank with guiding principles on how to apply its own common sense and how to exercise good judgment and conscience, for the purpose of assisting them in their work for the bank.

The Code is intended to prevent violations of the law and corporate policy, and is based on four main principles:

- **Honesty and candor in conduct** – Banking is a business based on mutual trust, and the Bank demands absolute fairness in all of its affairs. The bank's success in the marketplace depends to a large extent on the confidence and trust of its customers. Every employee, officer and director must conduct business in a way that fully justifies the continued goodwill of the bank and trust of its customers.
- **Integrity in the bank's work with customers, with one another and with the public** – The bank strives to exemplify the highest standards of personal and professional ethics in all aspects of its business.
- **The avoidance of conflicts of interest or even the appearance of a conflict** – Each employee, officer and director must avoid engaging in any outside business or other activity that might create a conflict of interest, create a perception of impropriety, or jeopardize the Bank's integrity or reputation.
- **Compliance with laws and regulations** – The bank actively promotes and requires compliance with the laws, rules and regulations that govern the bank's business. Obeying both the letter and the spirit of the

law is one of the foundations of the bank's ethical standards.

This Code, which is distributed to and acknowledged by all employees, consultants, agents and temporary workers annually through the bank's online training system, is very detailed and clearly lays out the bank's expectations from all those involved.

Furthermore, the bank ensures that everyone at the bank receives the UDAAP training course annually, which teaches and strengthens employees' knowledge of the types of actions and practices that the bank may deem unfair, deceptive, and/or abusive. There are also other fair lending training courses given to employees and members of the Board of Directors which deals, among other things, with treating customers fairly from various regulatory perspectives.

Prohibition of Money Laundering and the Financing of Terror at the Bank's Principal Subsidiaries

IDB Bank

IDB Bank complies with federal, state and the relevant laws of other countries that prohibit money laundering and seek to prevent the financing of terrorist activity, such as the USA PATRIOT Act of 2001, Bank Secrecy Act and other laws. IDB Bank has a Financial Crimes Program and Code of Conduct which all employees are required to sign and comply with. These documents include the Bank's framework for combating terrorist financing, money laundering and other financial crimes.

For description of agreed orders signed on May 24, 2023, by IDB Bank with New York Regulators, see the Report for the first quarter of 2023 (pp. 192).



> Continue from page 228

- > On September 12, 2022, ICC informed the Competition Authority of its consent to the payment of NIS 10 million to the State Treasury, within the framework of an agreed Order in respect of arguments, according to which beneficial commercial terms for clearing services of charge cards of the "Diners" brand name had been offered to customers who would acquire or continue to acquire from ICC clearing services for charge cards of other brand names. The agreed Order is subject to approval proceedings at the Competition Tribunal.
- > On February 6, 2023, the Bank was informed of the decision of the Supervisor of Banks to impose upon the Bank two monetary sanctions in a total amount of NIS 1.2 million, this under Section 14H(a)(1) of the Banking Ordinance, 1941, and according to the Banking Rules (Rates of maximum reduction of monetary sanction amounts), 5771-2011. The monetary sanctions had been imposed on the Bank for violation of the provisions of sections 25 and 26 of Proper Conduct of Banking Business Directive No. 450 in the matter of "Debt collection procedures", the subject matter of which was reports to the Debt Execution Office regarding amounts collected not by means of the Office, and respecting arrangement with customers regarding collections on account of the debt.

For additional details, see the 2022 Annual Report (p. 426).

Tax policy

> The Bank manages its tax policy at the Group level and pays tax in accordance with the requirements of the law, while stringently cooperating with the tax authorities and the law in Israel and overseas and while implementing the relevant compliance, disclosure and reporting provisions. Concurrently, the Bank makes supplementary tax payments in Israel on the profits from its overseas activity in full coordination with the tax authorities. The Bank operates in

accordance with the law, avoids engaging in tax planning, does not take advantage of tax havens and/or offshore companies, and makes no use of Base Erosion and Profit Shifting in order to reduce its tax payments in high-tax countries where it operates.

Lobbying

> The Bank's lobbying activity is conducted in accordance with the law and the Bank's lobbying company reports on the Knesset website that the Bank is one of its clients, as required by law.

Discount Bank's commitment to maintaining and respecting human rights

> Discount Bank, as an institution offering comprehensive banking services, treats its customers, colleagues, partners and suppliers with fairness, honesty, concern and respect. The Bank strictly maintains the rules of conduct and ethical norms required from a financial body committed to the public at large, which it serves, and to the community in which it operates.

Discount supports human rights as defined by the United Nations Organization (UNO) declaration of 1948, and in accordance with the contents of the International Bill of Human Rights, of the declaration of the International Labor Organization, as well as the ten principles of the UNO within the framework of the Global Compact initiative and the UNO principles for Sustainable Development Goals.

Maintaining the rights of and respect towards employees

> Discount Bank strictly maintains respect towards its employees, keeps proper labor relations and protects employee rights in accordance with the law and with labor agreements, and also allows incorporation of employees through employee committees. Labor relations at the Bank are based upon

the labor charter, collective labor agreements and different work arrangements, which are basically formed through discussions between the Bank's Management and the representative committee of employees.

Discount Bank does not employ children contrary to the provisions of the law, neither directly nor through manpower agencies. The Bank complies with the requirements of the law with respect to age and terms of employment, and opposes the existence of forced labor.

Discount Bank believes that all female and male employees are entitled to a fair and equal treatment, with no discrimination on grounds of race, age, gender, color, sexual orientation, ethnic affiliation, physical handicap, religion or political affiliation. The Bank encourages diversification and acceptance of the other and different person, both among employees and with respect to the other stakeholders, and acts towards the heterogeneous and representative recruitment of staff from all population groups.

Moreover, zero tolerance exists with respect to any conduct that includes harassment, abuse, scheming against, insult, exploitation or violence of any kind. The Bank condemns such behavior and acts to eradicate it. As part of the aforesaid, the Bank strictly maintains a safe work environment, clean of sexual harassment and acts to prevent and provide optimal treatment of cases brought to its knowledge. All managers and employees are made aware of the prevention of sexual harassment procedure, which is also distributed through the different channels of the Bank and instruction sessions are currently being held in respect thereof. An officer in charge of prevention of sexual harassment is available for male and female employees for consultation, and so are additional regional responsible officers.

The Bank also looks after the health of its employees and adopts all measures required for the existence of physical working conditions protecting the health of the employee at the workplace, and complies with the requirements of the law and the relevant standards maintaining the security and health of its employees.

The Human Resources Division is trusted with the treatment of employees, by means of the staff of the Division and human resources units spread at the different Divisions of the Bank, which accompany the employee from the very beginning of his employment and until retirement in all aspects of compensation, welfare, job development, instruction and professional enrichment, advancement and more.

The Bank does not allow use of its assets and premises for the promotion of the political agenda of a candidate or political party, and refrains from promoting personal interest that are not connected to the Bank's business goals. Notwithstanding the above, the Bank respects freedom of expression, belief and opinion of each employee.

Protection and respect of customers

> As a financial institution, Discount Bank aspires to maintain its ethics level at the highest possible standard, in order to earn public trust and fulfill its duty as required by law in the State of Israel. Accordingly and over and above the concept of customer experience in practice at the Bank, Discount treats its customers with respect and fairness at any time, and always puts the customer interest in front.

Discount Bank insists on a respectful discourse with its customers, on being attentive to their needs and on maintaining humane attitude towards them. The Bank acts without prejudice while strictly maintaining professional integrity, according to the rules of integrity and fairness, including upon initiating credit to customers, investment in securities, deposits and other banking services, and verifies that marketing procedures are being managed in a proper and honest manner and in accordance with the provisions of the law.

The Bank is ready to open accounts for customers and provide them with banking services, subject to the provisions of the law and to accepted banking considerations, and aspires to provide exceptional services to

customers without discrimination, disregarding matters of race, age, gender, color, sexual orientation, ethnic affiliation, physical disabilities, religion or political affiliation.

Discount Bank strictly maintains protection of information found at the Bank in accordance with data protection procedures and the Privacy Protection Law, understanding that such information may consist of private and confidential data that has to be protected accordingly, as well as the confidentiality and privacy of the customers, and employees are strictly forbidden to discuss customer affairs with non-relevant third parties.

The Bank puts at the disposal of customers the best advanced technological services alongside with an instruction and support layout, in accordance with their needs.

Maintenance and respect of suppliers

Discount Bank is committed to do business in a fair manner and act on basis of professional and personal integrity. It is always important for the Bank to maximize value for all its stakeholders, among which are also suppliers, and therefore it treats them with integrity, fairly, with concern and respect.

The Bank strictly fulfills agreements with suppliers, aspiring to avoid impairment to integrity, forbids favoritism, promotes transparency and fair competition, maintains confidentiality and data protection, and acts to the utmost to avoid corruption and improper behavior.

Discount Bank selects its suppliers on the basis of professional, objective and matter-of-fact considerations, while aspiring to engage suppliers who comply with the following requirements:

- > Adherence to and maintenance of the provision of the law;
- > Strict maintenance of legal and fair employment terms;
- > Protecting the quality of the environment;

- > Having a code of ethics and commitment to its values;
- > Fulfilling the norms stated in the code of ethics of the Bank.

The above requirements are backed up by the Bank's code of ethics, and upon submitting a purchase order, the supplier is directed to reading the Code and he is made aware that the Bank aspires to do business with suppliers who abide by the norms described in the Code. In case of violation of these principles and the non-fulfillment of the terms, Discount Bank discontinues relations with such supplier.

Maintenance and respect for the community

Discount Bank regards its activity in aid of the community as part of its business, social and cultural commitment. The Bank focuses its social activity on advancement of social mobility and on support of the social and geographic peripheral areas in Israel, by way of education, knowledge and encouragement of employment for work-challenged sectors.

Corporate Governance Code for the Discount Group

The Corporate Governance Code was approved by the Bank's Board of Directors in October 2009, and reflected the implementation of a "best practice" policy in the corporate governance field. In 2022, in view of the fact that during the years most of the provisions of the code had been integrated into different regulatory directives, and in view of the realization that no further added value remained in the code, it has been decided to abolish the code.

The Corporate Governance Code of MDB was approved by the Board of Directors of MDB in January 2013. In 2022 MDB also decided to cancel the code.

IDB Bank's Board of Directors reviews and approves the Corporate Governance Guidelines from time to time. The Guidelines

were first approved in 2008 and most recently in January 2022. The code has been updated regarding the director nomination process. The guidelines are available to all employees on the bank's intranet.

The Corporate Governance Code of ICC was approved by the Board of Directors of ICC in November 2014 and was most recently validated in June 2020. The Code is available for review on the company's website.

Corporate governance questionnaire

The Bank's corporate governance questionnaire for 2022 is available for review on the MAGNA website of the Israel Securities Authority, on the MAYA website of the Tel-Aviv Stock Exchange Ltd. and on the Bank's website, together with the Bank's 2022 Annual Report.

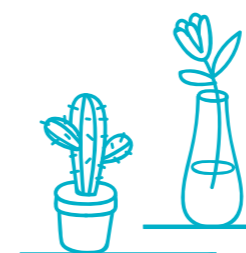
Goals

> Goals Presented in the previous Report

Discount Bank	✓ Achieved	Examining the need to update Discount Group's corporate governance code.
---------------	------------	--

> Future Goals

Discount Bank	Completion of the triennial risk survey.
---------------	--



10 EPILOGUE

Thank you's and responses to the report	245
GRI content index	246
SASB index	252
Principles of the Global Impact Initiative	255
Appendices – Customers	256
Appendices – Employees	258
Appendices – Community	267
Appendices – Green Discount	268
Appendices – Corporate Governance	270
List of tables and charts in the report	271

Thank you's!

And before Discount Bank's Tenth ESG Report gets going... the pleasure of thank you's!
Thank you to the dozens of **Discount Bank's employees** and employees of the subsidiaries MDB, ICC and IDB Bank who worked so hard gathering and processing the material, who provided responses, ideas, comment, clarifications, proofreading, initiative and encouragement.
Thanks to Shake Design design studio for building the design concept of the report. A special thanks to designer Adi Chen for the meticulous design of the report.
Thanks to Dr. Liad Ortar and Navonel Glick from Shibolet ESG for controlling of the report.
Thanks to Adi Rubinstein, Natali Gigi, Carmel Kaduri Rafaeli and Lihie Iuclea, from the Corporate Responsibility Group at BDO Consulting for their devoted work in escorting the preparation of the report.
And last but not least - a huge thank you to all the Discount Bank's employees and employees of the subsidiaries MDB, ICC and IDB Bank who convert the commitment in the environmental, social and corporate governance fields and, a daily activity, from a vision to a reality.

Responses to the Report

The Bank's customers, its employees, shareholders from the public, other stakeholders or remaining readers of the Report - all are invited to respond and comment on the Report and its contents: send ideas, comments or illuminations, or just talk about the Report and the social activism of Discount Bank.

Responses may be sent:



By telephone:
076-8058632



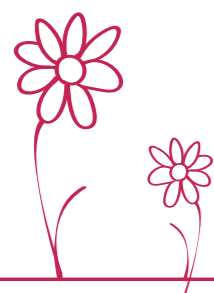
By email:
nofar.wl@dbank.co.il



By mail to:
Israel Discount Bank Ltd. -
Strategy, Finance and
Holdings Division,
23, Yehuda Halevi Street, Tel Aviv,
c/o Ms. Nofar Wallach Lazaresko,
ESG manager



The Bank's employees
are also invited to react
through the intranet
website



GRI content index^{30,31}

Discount Bank has reported in accordance with the GRI Standards for the period of 1.1.2022-31.12.2022



Name of the Standard	Indicator Description	Page number in the report/ Direct answers				UNCG - cop
		Discount Bank	MDB	ICC	IDB Bank	
GRI 2: GENERAL DISCLOSURES 2021						
> THE ORGANIZATION AND ITS REPORTING PRACTICES						
2-1	Organizational details					No Specific requirement by COP
2-2	Entities included in the organization's sustainability reporting					
2-3	Reporting period, frequency and contact point					
2-4	Restatements of information					
2-5	External assurance					
> ACTIVITIES AND WORKERS						
2-6	Activities, value chain and other business relationships					No Specific requirement by COP
2-7	Activities and workers					
2-8	Workers who are not employees					
> GOVERNANCE						
2-9	Governance structure and composition					No Specific requirement by COP
2-10	Nomination and selection of the highest governance body					
2-11	Chair of the highest governance body					
2-12	Role of the highest governance body in overseeing the management of impacts					
2-13	Delegation of responsibility for managing impacts					
2-14	Role of the highest governance body in sustainability reporting					
2-15	Conflicts of interest					

Name of the Standard	Indicator Description	Page number in the report/ Direct answers				UNCG - cop
		Discount Bank	MDB	ICC	IDB Bank	
> GOVERNANCE (CONTINUED)						
2-16	Communication of critical concerns					No Specific requirement by COP
2-17	Collective knowledge of the highest governance body					
2-18	Evaluation of the performance of the highest governance body					
2-19	Remuneration policies					
2-20	Process to determine remuneration					
2-21	Annual total compensation ratio					
> STRATEGY, POLICIES, AND PRACTICES						
2-22	Statement on sustainable development strategy					No Specific requirement by COP
2-23	Policy commitments					1-10
2-24	Embedding policy commitments					No Specific requirement by COP
2-25	Processes to remediate negative impacts					
2-26	Mechanisms for seeking advice and raising concerns					
2-27	Compliance with laws and regulations					1-10
2-28	Membership of associations					
> STAKEHOLDER ENGAGEMENT						
2-29	Approach to stakeholder engagement					No Specific requirement by COP
2-30	Collective bargaining agreements					1, 2, 6

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

31 GRI index including UNGC index

Name of the Standard	Indicator	Description	Page number in the report/ Direct answers				UNCG - cop
			Discount Bank	MDB	ICC	IDB Bank	
GRI 3: MATERIAL TOPICS 2021							
	3-1	Process to determine material topics					
	3-2	List of material topics					
	3-3	Management of material topics					
> ENVIRONMENTAL AND SOCIAL CONSIDERATIONS IN THE BUSINESS ACTIVITY							
GRI 3: Material Topics 2021	3-3	Management of material topics				No Specific requirement by COP	
	201-1	Direct economic value generated and distributed					
GRI 201: Economic Performance 2016	201-2	Financial implications and other risks and opportunities due to climate change				7	
	201-3	Defined benefit plan obligations and other retirement plans				No Specific requirement by COP	
	201-4	Financial assistance received from government	Was not obtained during the reporting process				
> BUSINESS ETHICS							
GRI 3: Material Topics 2021	3-3	Management of material topics					
	205-1	Operations assessed for risks related to corruption					
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures				No specific requirement by COP	
	205-3	Confirmed incidents of corruption and actions taken					
> ECONOMIC EFFECTS AND PERFORMANCE							
> ACCESSIBILITY FOR DISADVANTAGED POPULATIONS							
> STRENGTHENING THE SUSTAINABILITY OF THE BANKING SYSTEM AND THE ECONOMY							
> CUSTOMER EXPERIENCE							
GRI 3: Material Topics 2021	3-3	Management of material topics				No specific requirement by COP	
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported					
	203-2	Significant indirect economic impacts					
GRI 3: Material Topics 2021	3-3	Management of material topics					
GRI 207: Tax 2019	207-1	Approach to tax					

Name of the Standard	Indicator	Description	Page number in the report/ Direct answers				UNCG - cop
			Discount Bank	MDB	ICC	IDB Bank	
> RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN							
> SAFEGUARDING HUMAN RIGHTS IN THE BUSINESS ACTIVITY							
GRI 3: Material Topics 2021	3-3	Management of material topics				No Specific requirement by COP	
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers					
> MANAGEMENT OF THE ENVIRONMENT FIELD							
GRI 3: Material Topics 2021	3-3	Management of material topics				7,8,9	
	302-1	Energy consumption within the organization					
	302-2	Energy consumption outside of the organization	Not material to the organization				
GRI 302: Energy 2016	302-3	Energy intensity				No Specific requirement by COP	
	302-4	Reduction of energy consumption					
	302-5	Reductions in energy requirements of products and services					
> ADAPTATION TO CLIMATE CHANGE							
GRI 3: Material Topics 2021	3-3	Management of material topics				7,8	
	305-1	Direct (Scope 1) GHG emissions				7,8	
	305-2	Energy indirect (Scope 2) GHG emissions				7,8	
	305-3	Other indirect (Scope 3) GHG emissions				7,8	
GRI 305: Emissions 2016	305-4	GHG emissions intensity				7,8,9	
	305-5	Reduction of GHG emissions				7,8	
	305-6	Emissions of ozone-depleting substances (ODS)				7,8	
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Not material to the organization			7,8	

Name of the Standard	Indicator	Description	Page number in the report/ Direct answers				UNCG - cop
			Discount Bank	MDB	ICC	IDB Bank	
> WORK ENVIRONMENT AND TERMS OF EMPLOYMENT							
GRI 3: Material Topics 2021	3-3	Management of material topics					1,2,6
GRI 401: Employment 2016	401-1	New employee hires and employee turnover					6
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees					No specific requirement by COP
	401-3	Parental leave					1,2,6
GRI 3: Material Topics 2021	3-3	Management of material topics					No specific requirement by COP
GRI 402: Labor / Management Relations 2016	402-1	Minimum notice periods regarding operational changes					No specific requirement by COP
> TRAINING AND DEVELOPMENT OF EMPLOYEES							
GRI 3: Material Topics 2021	3-3	Management of material topics					6
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee					No specific requirement by COP
	404-2	Programs for upgrading employee skills and transition assistance programs					
	404-3	Percentage of employees receiving regular performance and career development reviews					6
> DIVERSITY AND INCLUSION							
GRI 3: Material Topics 2021	3-3	Management of material topics					6
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees					No specific requirement by COP
	405-2	Ratio of basic salary and remuneration of women to men					
GRI 3: Material Topics 2021	3-3	Management of material topics					1,2,6
GRI 406: Non-Discrimination 2016	406-1	Incidents of discrimination and corrective actions taken					No specific requirement by COP

Name of the Standard	Indicator	Description	Page number in the report/ Direct answers				UNCG - cop
			Discount Bank	MDB	ICC	IDB Bank	
> INVOLVEMENT IN THE LOCAL COMMUNITY							
> ADVANCEMENT OF FINANCIAL EDUCATION							
GRI 3: Material Topics 2021	3-3	Management of material topics					
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs					No specific requirement by COP
	413-2	Operations with significant actual and potential negative impacts on local communities					
	FS13	Access points in low-populated or economically disadvantaged areas by type					
	FS14	Initiatives to improve access financial services for disadvantaged people					
> CUSTOMER AND SEGMENT DIVERSITY							
> FAIRNESS AND TRANSPARENCY IN PRODUCTS AND SERVICES							
> ACCESSIBILITY FOR PERSONS WITH A DISABILITY							
GRI 3: Material Topics 2021	3-3	Management of material topics					
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling					No specific requirement by COP
	417-2	Incidents of non-compliance concerning product and service information and labeling					
	417-3	Incidents of non-compliance concerning marketing communications					
> CUSTOMER PRIVACY AND DATA SECURITY							
GRI 3: Material Topics 2021	3-3	Management of material topics					
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data					No specific requirement by COP

SASB Index

Subject	Index	Code	Page number in the report			
			Discount Bank	MDB	ICC	IDB Bank
Data Security	(1) Number of data breaches, (2) Percentage involving personally identifiable information (PII), (3) Number of account holders affected.	FN-CB-230a.1	(80, 82)	(80, 82)	(80, 82)	(80, 82)
	Description of approach to identifying and addressing data security risks	FN-CB-230a.2	78-82	78-82	78-82	78-82
			Appendix Disclosure according to the third pillar of Basel and additional information on risks 2022: p. 90-93			
Financial Inclusion & Capacity Building	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	FN-CB-240a.1	(60-61)	64-65	N/A	N/A
	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	FN-CB-240a.2	60-61	64-65	N/A	N/A
	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	FN-CB-240a.3	62-63, 68-70	N/A	N/A	N/A
	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	FN-CB-240a.4	68-69	69-70	69-70	N/A
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	Commercial and industrial credit exposure, by industry	FN-CB-410a.1	149-151 2022 Annual financial report: 73-74	2022 Annual financial report: 61-62	2022 Annual financial report: 61-62	2022 Annual financial report: 61-62
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	FN-CB-410a.2	76-78 2022 Annual financial report: (106-107, 421-422)	150, 180-181	180-181	180-181

Subject	Index	Code	Page number in the report			
			Discount Bank	MDB	ICC	IDB Bank
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	FN-CB-510a.1	76-78 2022 Annual financial report: 423-426	79 2022 Annual financial report: 242 of the Hebrew version	79 2022 Annual financial report: 178-187	N/A
	Description of whistleblower policies and procedures	FN-CB-510a.2	49, 183	50, 184	50, 184	50
Systemic Risk Management	Global Systemically Important Bank (G-SIB) score, by category	FN-CB-550a.1	Not relevant			
	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	FN-CB-550a.2	2022 Annual financial report pp. 65-66, 106-107	2022 Annual financial report (p. 38 of the Hebrew report)	2022 Annual financial report (p. 63-65)	N/A
Activity Metrics	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	FN-CB-000.A	2022 Annual financial report (p. 14)	2022 Annual financial report (p. 180 of the Hebrew version)	2022 Annual financial report (p. 45-46)	29-30
	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	FN-CB-000.B	2022 Annual financial report (p. 14)	2022 Annual financial report (p. 18 of the Hebrew version 0)	2022 Annual financial report (p. 45-46)	29-30



Principles of the Global Compact Initiative

Discount Bank expresses support of the ten principles of the Global Compact³² initiative of the United Nations, and acts for the advancement of these principles.

Following is a list of the principles of the initiative:

- | | | |
|--------------------------------|----|--|
| Human rights | 1 | Businesses should support and respect the protection of internationally proclaimed human rights; |
| | 2 | Businesses should make sure that they are not complicit in human rights abuses; |
| Standards of employment | 3 | Businesses should support the freedom of association and actively acknowledge the right for collective bargaining; |
| | 4 | The elimination of all forms of forced and compulsory labor; |
| | 5 | The effective abolition of child labor; |
| | 6 | The elimination of discrimination in respect employment and occupation; |
| The environment | 7 | Businesses should support a precautionary approach to environmental challenges; |
| | 8 | Undertake initiatives to promote greater environmental responsibility; |
| | 9 | Encourage the development and diffusion of environmentally friendly technologies; |
| Anti-corruption | 10 | Businesses should work against corruption in all its forms, including extortion and bribery. |

32 Link to the official website of UNGC: <http://www.unglobalcompact.org>.

Appendices Customers

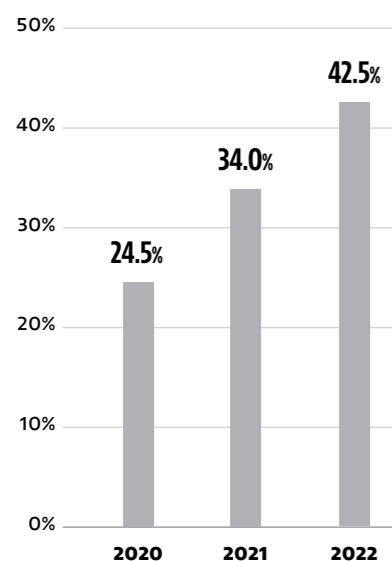
Complaints and enquiries data at Discount Bank*

	2022	2021	2020
Complaints and enquiries received	4,846	5,223	4,202
Complaints and enquiries dealt with	5,009	5,110	3,988
Completion of dealing with complaints	4,242	3,880	3,601
Completion of dealing with enquiries, requests and clarifications	767	1,230	385
Percentage of justified complaints	42.5%	34.0%	24.5%

* The data in this table and in charts on this page do not include complaints within the framework of the Credit Providers Act.

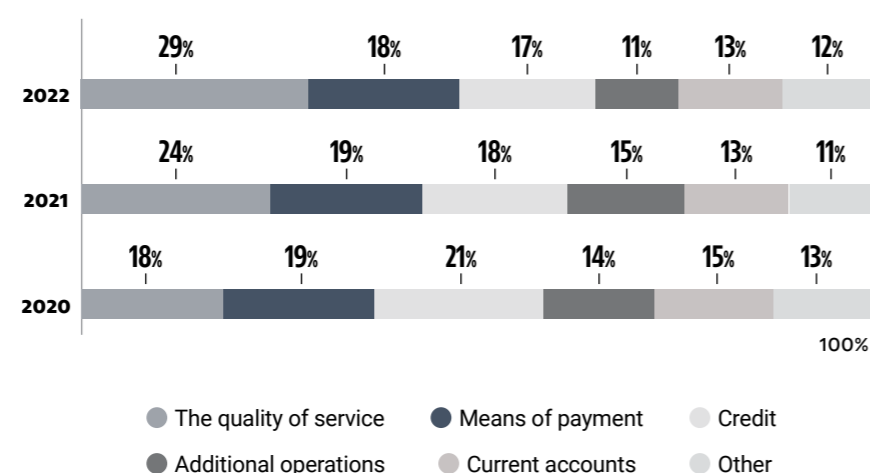
Rate of justified complaints¹

at Discount Bank



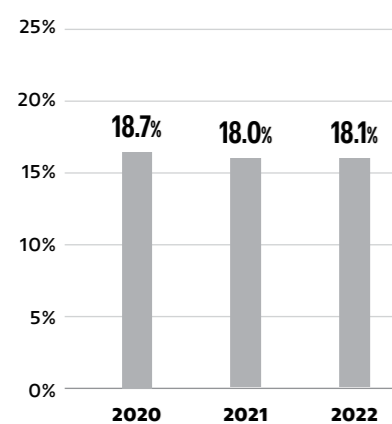
Breakdown of the subjects of main complaints

at Discount Bank



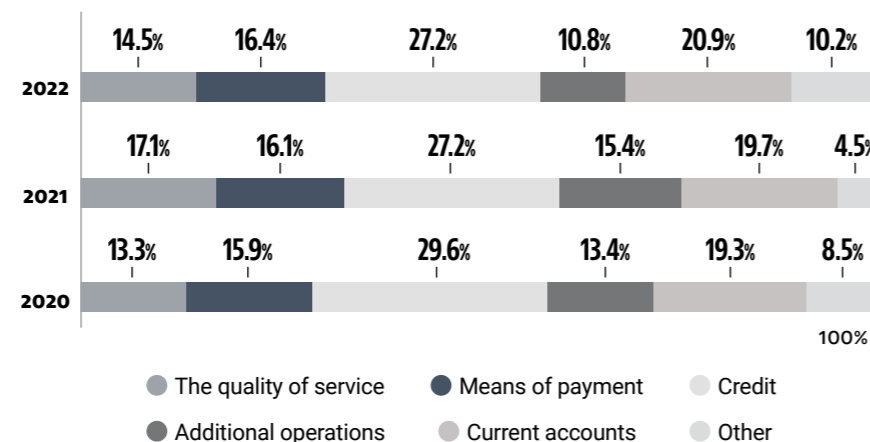
Rate of justified complaints¹

at MDB



Breakdown of the subjects of main complaints

at MDB



Notes:

1 The percentage of justified complaints is computed out of the total number of complaints where a position was taken.

Complaints regarding disturbance to the vicinity

> No complaints were received in 2022 by the Bank, by MDB or by ICC with respect to disturbance to the vicinity.

Customers complaints to the Bank of Israel

> As of the publication date of this report, the Supervisor of Banks has not yet published the survey of enquiries made by the public to the Supervisor of Banks in relation to 2022.

In November 2022, the Supervisor of Banks published a survey of enquiries made by the public to the Supervisor of Banks in relation to 2021. The survey is available for perusal on the Bank of Israel site.



Rate of justified complaints

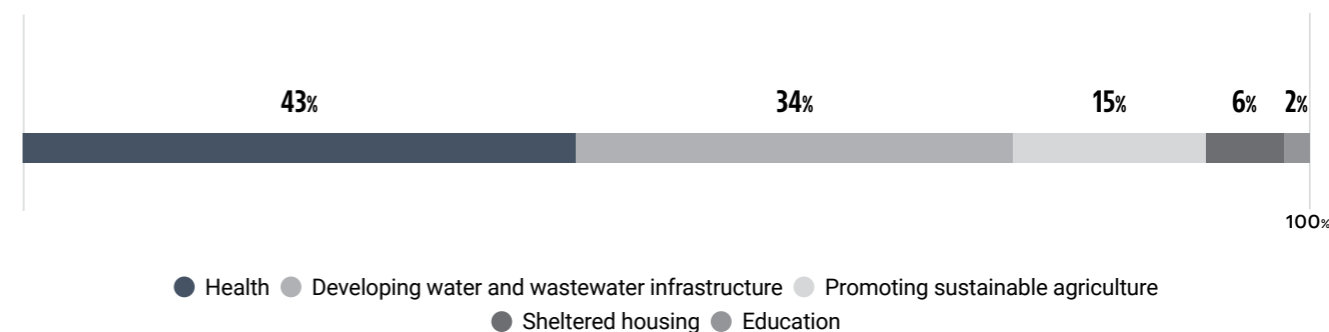
at ICC

2022 – 23.45%

2021 – 32.2%

Discount's social credit

As of December 31, 2022, Discount's social credit amounted to some NIS 2 billion^{1,2}



Notes:

1 Includes funding of NIS 1.3 billion for overseas projects.

2 Includes funding of NIS 1 billion for projects meeting the environmental credit classification, see page ___ of this report.

Appendices Employees

General notes:

- The data relating to Discount Bank includes tenured employees, employees engaged on personal contracts, members of Management, temporary employees and outsource workers (software houses and TeleBank service center workers), but excludes employees on unpaid leave and on maternity leave.
- On December 31, 2021, some 933 employees were employed at the Bank in the status of "stable employee", a status that was established as part of the new collective agreement signed on December 22, 2021. During 2022, the Bank implemented the change in its systems.

Employees of Discount Bank and its principal subsidiaries

	As of December 31		
	2022	2021	2020
Discount Bank	4,941	4,883	4,947
MDB ¹	1,462	1,450	1,446
ICC ²	1,612	1,468	1,423
IDB Bank	577	524	532

Notes:

- Not including employees in maternity leave.
- The data do not include Outsourcing.

Breakdown of employees by gender

	As of December 31								
	2022			2021			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Discount Bank	1,929	3,012	4,941	1,927	2,956	4,883	1,987	2,960	4,947
MDB ¹	599	863	1,462	602	848	1,450	621	825	1,446
ICC ²	441	1,171	1,612	418	1,068	1,486	1,016	407	1,423
IDB Bank	321	256	577	293	231	524	298	234	532

Notes:

- Includes employees on maternity leave.
- The data do not include Outsourcing.

Breakdown of employees by geographic distribution

		As of December 31							
		2022		2021		2020		rate	
		rate	rate	rate	rate	rate	rate	rate	
Discount Bank	Jerusalem and the South Region	476	9.6%	502	10.3%	387	7.8%		
	Central Region	541	10.9%	467	9.6%	529	10.7%		
	lowlands Region	657	13.3%	616	12.6%	592	12.0%		
	Northern Region	461	9.3%	472	9.7%	491	9.9%		
	Headquarters (Tel-Aviv)	2,806	57%	2,826	58%	2,948	59.6%		
	Total	4,941	100.0%	4,883	100.0%	4,947	100.0%		

Breakdown of employees by collective labor agreements

	As of December 31		
	2022	2021	2020
Discount Bank	88.1%	86.3%	86.1%
MDB	98.8%	98.6%	98.6%
ICC	95%		

Breakdown of employees by type of engagement

		As of December 31		
		2022	2021	2020
Discount Bank	Tenured employees, under personal contracts and members of Management	2,982	3,045	3,144
	Temporary employees ³	610	1,397	1,317
	Stable employees ³	990	³ -	-
	Outsourcing ¹	359	441	486
	Total	4,941	4,883	4,947
MDB	Tenured employees, under personal contracts and members of Management	1,112	1,113	1,140
	Temporary employees	262	244	212
	Manpower company employees	79	70	66
	Software house	9	23	28
	Total	1,462	1,450	1,446
ICC ²	Tenured employees, under personal contracts and members of Management	1,516	1,398	1,347
	Temporary employees	6	17	6
	Outsourcing	359	406	356
	Total	1,881	1,821	1,709

Notes:

- Includes employees of software houses and TeleBank service center workers.
- Includes outsource workers and does not include employees on unpaid leave and female employees on maternity leave.
- Regarding "stable employees", see general note no. 2.

Breakdown of employees by age

		As of December 31		
		2022	2021	2020
Discount Bank	Up to 30	685	686	689
	31-50	2,820	2,850	2,877
	Over 50	1,436	1,347	1,381
	Total	4,941	4,883	4,947
MDB	Up to 30	119	129	140
	31-50	896	876	896
	Over 50	447	445	410
	Total	1,462	1,450	1,446
ICC	Up to 30	556	448	420
	31-50	857	869	826
	Over 50	199	169	177
	Total	1,612	1,486	1,423

General notes:

- Discount Bank and MDB's data include tenured employees and temporary employees.
- In 2021, the definition of ICC's data was changed. The comparison data were reclassified accordingly.
- The Discount Bank data includes 2 employees of Discount Leasing Company.

Position partiality

		2022			2021		
		Men	Women	Total	Men	Women	Total
Discount Bank	Full-time position	1,802	2,591	4,393	1,803	2,531	4,334
	Part-time position	127	421	548	124	425	549
	Total	1,929	3,012	4,941	1,927	2,956	4,883
MDB	Full-time position	544	759	1,303	597	814	1,411
	Part-time position	5	34	39	5	34	39
	Total	549	793	1,342	602	848	1,450
ICC	Full-time position	407	842	1,249	410	1,005	1,415
	Part-time position	56	245	401	8	63	71
	Total	463	1,187	1,650	418	1,068	1,486

Diversity among employees

		2022		2021		2020	
		Men	Women	Men	Women	Men	Women
Discount Bank	Board of Directors	6	4	6	4	9	3
	Managers	362	422		409		445
	Of which: Branch managers and above ¹	72	58		56		64
	Clerks	1,567	2,590		2,547		2,517
MDB	Board of Directors	4	3	6	4	7	2
	Managers	110	44	105	44	110	42
	Clerks	489	819	496	804	506	783
ICC	Board of Directors	5	3		4		3
	Managers	121	185		168		170
	Clerks	320	986		900		849

Note:

¹ Including members of Management.

Average seniority and age

	For the year ended on December 31					
	2022		2021		2020	
	Average age	Average seniority	Average age	Average seniority	Average age	Average seniority
Discount Bank	44.1	13.4	43.7	13.7	43.7	13.7
MDB	44.9	15.5	44.6	15.3	44.2	16.0
ICC	36.0	8.4	36.0	8.7	37.0	9.42
IDB Bank	49.0		49.0		49.0	

Average seniority - IDB Bank

	For the year ended on December 31					
	2022		2021		2020	
	Number of employees	Rate	Number of employees	Rate	Number of employees	Rate
Less than 1 year	108	18.7	77	14.7	19	3.6
1-9 years	298	51.7	276	52.7	333	62.5
10-19 years	119	20.6	114	21.7	120	22.6
20-29 years	36	6.2	37	7.1	37	7.0
30-39 years	9	1.6	14	2.7	16	3.0
40 years and more	7	1.2	6	1.1	7	1.3
Total	577	100.0%	524	100.0%	532	100.0%

Employee turnover

Breakdown of new employees by gender

		For the year ended on December 31		
		2022	2021	2020
Discount Bank	Men	195	190	158
	Women	404	378	304
	Total	599	568	462
MDB	Men	47	26	30
	Women	110	63	39
	Total	157	89	69
ICC	Men	144	75	66
	Women	428	251	144
	Total	572	326	210

Note: The data include temporary employees and tenured employees.

Breakdown of new employees by age

		For the year ended on December 31		
		2022	2021	2020
Discount Bank	Up to 30	330	352	277
	31-50	217	179	146
	Over 50	52	37	39
	Total	599	568	462
MDB	Up to 30	72	40	31
	31-50	83	48	33
	Over 50	2	1	5
	Total	157	89	69
ICC	Up to 30	452	263	156
	31-50	109	58	50
	Over 50	11	5	5
	Total	572	326	210

Note: The data include temporary employees and tenured employees.

Breakdown of leaving employees by gender

		For the year ended on December 31		
		2022	2021	2020
Discount Bank	Men	199	255	244
	Women	343	415	602
	Total	542	670	846
MDB	Men	39	49	63
	Women	55	50	73
	Total	94	99	136
ICC	Men	121	101	124
	Women	320	330	276
	Total	441	434	400

Notes:

1 The data include temporary employees and tenured employees.

2 Discount Bank's data do not include employees leaving from maternity leave / unpaid leave.

Breakdown of leaving employees by age

		For the year ended on December 31		
		2022	2021	2020
Discount Bank	Up to 30	229	268	183
	31-50	227	215	144
	Over 50	86	181	519
	Total	542	670	846
MDB	Up to 30	27	22	16
	31-50	47	56	23
	Over 50	20	21	97
	Total	94	99	136
ICC	Up to 30	328	318	229
	31-50	104	99	120
	Over 50	9	17	51
	Total	441	434	400

Mobility of employees

		For the year ended on December 31		
		2022	2021	2020
Discount Bank		740	892	857
MDB		285	329	296
ICC		194	166	95

Breakdown of employees by reasons of leaving

		For the year ended on December 31									
		2022				2021			2020		
		Temporary	Tenured	Stable	Total	Temporary	Tenured	Total	Temporary	Tenured	Total
Discount Bank	Encouraged retirement	-	6	-	6	-	72	72	-	445	445
	Natural retirement and leaving	1	44	1	46	48	88	136	32	64	96
	Of which: termination of contract	4	-	1	5	44	27	71	30	-	30
	Resignation	287	78	108	473	372	57	429	199	39	238
	Dismissal (imposed by the Bank) ³	3	2	4	9	24	4	28	61	1	65
	Other	-	3	-	3	1	4	5	-	5	15
	Total retirement	295	133	114	542	445	225	670	292	554	846
MDB ⁴	Encouraged retirement	-	9	-	9	-	4	4	1	82	83
	Natural retirement and leaving	1	6	-	7	-	12	12	1	19	20
	Resignation	45	12	-	57	38	27	65	13	12	25
	Dismissal (imposed by the bank)	8	3	-	11	11	1	12	7	1	8
	Other	9	1	-	10	3	3	6	-	-	-
		Total retirement	63	31	-	94	52	47	99	22	114
ICC	Natural retirement and leaving				2			10			30
	Resignation				363			311			205
	Dismissal (imposed by the company)				74			113			159
	Other				2			-			6
	Total retirement²				441			434			400

Notes:

1 Of which passed away: 2021 - 5.

2 ICC - not including employees retiring from unpaid leave / maternity leave or employees under trial period.

3 The dismissals are of employees under trial period or for serious disciplinary reasons.

4 MDB - tenured employees including employees engaged on personal contracts and members of Management.

Maternity leave

		For the year ended on December 31					
		2022		2021		2020	
		Men	Women	Men	Women	Men	Women
Discount Bank	Eligible for maternity leave	108	235	101	230	124	237
	Went on maternity leave	2	203	3	213	2	210
	Returned from leave	2	123	3	203	1	170
	Employees who were still employed 12 months after returning to work	2	167	3	190	1	169
MDB	Eligible for maternity leave	41	43	62	58	29	53
	Went on maternity leave	-	43	-	58	2	50
	Returned from leave	-	41	-	22	2	35
	Employees who were still employed 12 months after returning to work			-	54	2	50
ICC	Eligible for maternity leave	16	137				
	Went on maternity leave	1	137				
	Returned from leave	1	126				
	Employees who were still employed 12 months after returning to work	1	92				

Notes:

- 1 Eligible for maternity leave - Anyone who had a child born to him / her between the dates of January 1, to December 31, of that year, who did not necessarily exercise his entitlement at the Bank.
- 2 For Discount Bank:
 - a. Data for 2022 - Number of male/female employees who returned to work after a maternity leave and stayed to work - as of April 1, 2023.
 - b. Data for 2021 - Number of male/female employees who returned to work after a maternity leave and stayed to work - as of April 1, 2022.
 - c. Data for 2020 - Number of male/female employees who returned to work after a maternity leave and stayed to work - as of April 1, 2021.
- 3 For MDB:
 - a. Data for 2022 - Number of male/female employees who returned and stayed to work - as of December 31, 2022.
 - b. Data for 2021 - Number of male/female employees who returned and stayed to work - as of December 31, 2021.
 - c. Data for 2020 - Number of male/female employees who returned and stayed to work - as of December 31, 2020.
- 4) For ICC:
 - a. Data for 2022 - Number of male/female employees who returned to work after a maternity leave and stayed to work - as of April 1, 2023.
 - b. Data for 2021 - Number of male/female employees who returned to work after a maternity leave and stayed to work - as of April 1, 2022.
 - c. Data for 2020 - Number of male/female employees who returned to work after a maternity leave and stayed to work - as of April 1, 2021.

Employees absence

		For the year ended on December 31					
		2022		2021		2020	
		Men	Women	Men	Women	Men	Women
Discount Bank	Absence in respect of paid sick days	21,568	47,451	19,460	42,301	26,766	41,623
	Absence rate	6.0%		5.48%		5.48%	
	Accidents	20	44	11	40	16	32
MDB	Absence in respect of paid sick days	537	776	5,498	11,113	4,547	9,396
	Absence rate	4.2%		5.72%		4.57%	
	Accidents	10	11	1,038	1,947	231	145
ICC	Absence in respect of paid sick days	3,510	13,250	3,769	13,358	4,424	15,471
	Absence rate	4.21%		6.61%		5.79%	
	Accidents			5	9	7	17

General Notes:

- 1 Paid sick days are counted according to the number of actual days.
- 2 The counting of days is of workdays missed by the employee and it refers to the total number of possible workdays in the year and not to the total number of days in the calendar year.
- 3 The absence rate is calculated as the total actual number of absence days divided by the total number of possible workdays of the employee population at the end of the reporting year. It should be noted that the total number of absence days includes all employees who in respect of which an event of "illness" was recorded, while the denominator comprises the employee population at the end of the year. As a result of this calculation format the absence rate has an upward bias.
- 4 Data on reported accidents are data reported to the National Insurance Institute, and include accidents on the way to and from the workplace. Therefore, these data do not constitute an indication of the number of "safety at work" events.

External employees absence (contract workers and outsourcing)

As of December 31, 2022

MDB	Absence in respect of paid sick days	78
	Accidents	2

Events involving customers and employees, who resulted in the activation of insurance policy

		For the year ended on December 31		
		2022	2021	2020
Discount Bank	Customers (third party)	-	2	15
	Employees (employers' liability)	1	1	4
	Total	1	3	19
MDB	Customers (third party)	-	6	7
	Employees (employers' liability)	1	1	-
	Total	1	7	7
ICC	Customers (third party)		2	11
	Employees (employers' liability)		9	1
	Total		11	12

Employee training

Average training hours per employee

	2022	2021	2020
Discount Bank	13.6	29	26.3
MDB	20	22.6	20.3

Details of employee training data

	2022	2021	2020	
Discount Bank	Total frontal instruction days	30,141	26,446	18,605
	Interactions Computer-Mediated Learning	21,000	26,218	21,369
	Average training hours per employee	¹ 13.6	29	26.3
	Average days per employee	5.9	5.3	4.15
	Cost of training – in NIS million	7.4	8.5	6.9
MDB	Total frontal instruction days	7,110	3,722	2,685
	Interactions Computer-Mediated Learning	5,410	4,797	2,977
	Average training hours per employee	20	22.6	20.3
	Average days per employee	3.64	4.11	3.69
	Cost of training – in NIS million	1.9	2	2.6

Note:

¹ Average training hours per employee fell in 2022, due to efficiency measure and sharpening the study contents' focus. More studying is now being conducted in a personal study format during work hours rather than being carried out in a more measurable, formal framework.

Feedback interviews of employees

Percentage of employees who received feedback

	For the year ended on December 31		
	2022	2021	2020
Discount Bank	99%	99%	99%
MDB	95%	97%	99%
ICC	100%	100%	100%

Appendices Community

Scope of expenditure of the Discount Group in respect of activities for the community

	2022	2021	2020
	In NIS thousands		
Direct expense	23,296	² 19,429	10,864
Sponsorships ¹	35	² 61	² 89
Miscellaneous expenses ³	379	254	373
Total	23,710	²19,744	²11,326

Notes:

- ¹ A small part of the expense regarding sponsorships has been taken into account – only sponsorships for social associations.
- ² The figure was restated.
- ³ Expenses for preparing various reports in relation to Corporate Responsibility.



Appendices Green Discount

Greenhouse gas emissions in 2020-2022

		Scope 1	Scope 2	Scope 3	Total emissions
Discount Bank	2022	2,059	15,960	520	18,539
	2021	2,187	16,559	453	19,199
	2020	2,562	16,799	463	19,824
MDB	2022	600	3,726	101	4,427
	2021	602	4,003	-	4,605
	2020	568	4,337	148	5,053
ICC	2022	871	2,771	27	3,669
	2021	835	2,995	10	3,840
	2020	860	3,717	16	4,593

General Notes:

- 1 The calculation of emissions in Scope 1 for MDB and ICC relates to consumption of fuel only; while that for Discount Bank includes also emission of air conditioning refrigerant gases.
- 2 The calculation of emissions in Scope 3 for Discount Bank relates to paper consumption, paper recycling, water consumption, business flights and electronic waste; the calculation of emissions in Scope 3 for MDB relates to water consumption and flights alone; the calculation of emissions in Scope 3 for ICC relates to paper consumption and paper recycling alone.



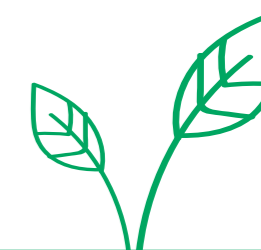
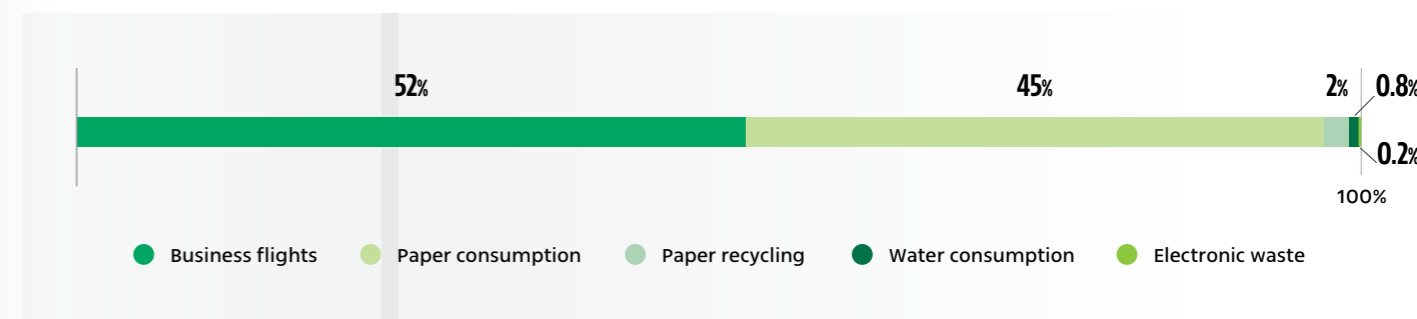
Details regarding the investment of Discount Bank in the process of reducing greenhouse gas emissions during 2020-2022, and the annual savings deriving from them

Type of activity	Description	Investment in NIS thousands	Annual energy savings (in kwh) ¹	Annual GHG emissions reduction (CO2e tons)
Energy efficiencies in buildings	Energy efficiencies in A/C systems	2,986	290,238	136
Energy efficiencies in buildings	Upgrading the lighting systems	169	72,560	34
Buildings – reduction of space			349,844	165
Total year 2022		3,155	712,642	4335
Total year 2021		5,888	482,032	2240
Total year 2020		4,003	689,121	3376

Notes:

- 1 Savings in the consumption of electricity in relation to 2021. Estimated as a percentage of total savings in consumption.
- 2 Annual GHG emissions reduction (CO2e tons) is based on the emission coefficients known at the time of publication of the current report.
- 3 Annual GHG emissions reduction (CO2e tons) is based on the emission coefficients known at the time of publication of the report for 2020.
- 4 As in previous years, Discount Bank continues to advance energy efficiency initiatives and to mitigate its environmental impact as described in the table. Nevertheless, the Bank's electricity consumption increased by 1.95% in 2022, due to the Bank's preparations for the Campus move and due to the return to a full work routine at the head office following the end of the corona pandemic.

Distribution of indirect emissions (Scope 3) for 2022



Handling of waste in the years 2020-2022

	Measurement units	Treatment method	2022	2021	2020
Paper waste	Ton	Transfer for recycling	1363	296	301
Electronic waste	Ton	Transfer for recycling	47.6	86.8	49.1
Bottles	Units	Transfer for recycling	26,000	35,000	24,957
Light bulbs	Units	Transfer for recycling	4,000	8,500	6,400
Ink and toners	Units	Transfer for scrapping	3,100	4,000	6,416
Batteries	Units	Transfer for recycling	1,500	1,000	1,500

Note:

- 1 In 2022, local archives in paper-rich head office units were emptied as part of the preparations for the Campus move, which explains the gap between purchased and recycled amounts.

Appendices Corporate Governance

Attendance at meetings of the Board of Directors and its committees

Number of meetings of the Board of Directors and its committees and the attendance rate thereat

The Forum	Number of meetings in 2022	Summed up rate of participation	Number of meetings in 2021	Summed up rate of participation	Number of meetings in 2020	Summed up rate of participation
Board of Directors plenum	33	100.0	31	99.0	38	99.7
Credit Committee	9	97.8	9	100.0	7	100.0
Audit Committee	23	100.0	26	100.0	28	100.0
Risk Management Committee	19	100.0	17	100.0	16	100.0
Resources Committee	4	100.0	4	100.0	4	100.0
Compensation Committee	14	100.0	7	100.0	11	100.0
Technologies & Resources Committee	6	100.0	7	100.0	6	100.0
Ad-hoc committee - Australia	-	-	2	100.0	10	100.0
Total meeting of committees	75	99.8	72	100.0	82	100.0



List of tables and charts in the report

Chapter	Name of the table/chart	Page
	ESG- Discount Bank's Environmental, Social and Governance Strategy and Goals	4
	Discount Bank Summarized Sustainability Table	8
	Environmental, Social and Governance Strategy	16
01	Main lines of communication with stakeholders	17
	The material topics matrix	19
	Discount Group Structure	25
	Goal 4 – Performance over the years	43
02	Goal 8 – Performance over the years	44
	Goal 9 – Performance over the years	45
	Goal 10 – Performance over the years	46
	Goal 16 – Performance over the years	47
	The economic value created by the Discount Group	48
	The leadership model of Discount according to the spirit of the Discount values	54
03	The values of Mercantile Discount Bank	55
	Reporting and consultation channels	59
	Geographical distribution of Discount Bank branches	64
	Geographical distribution of Mercantile Discount Bank branches	64
04	Student loans in the years 2018-2022	74
	Lectures and Workshops	84
	Customer experience surveys performed by the Bank	86
	ICC - Average scores of satisfaction survey	91
	Wage differentials between man and woman employees – Discount Bank	94
	Employees of Discount Bank and the subsidiaries by gender	114
	Employees of the Bank and the principal subsidiaries	114
	Breakdown of employees of Discount Bank by employment categories	115
	Academic education	116
	Average age and average seniority of the employees	116
	Employment of populations underrepresented in the labor market – Discount Bank	124
	Breakdown of employees from populations underrepresented in the labor market – Discount Bank	124
	Employment of underrepresented populations – MDB	126
05	Employment of underrepresented populations – ICC	126
	Breakdown of employees from populations underrepresented in the labor market – MDB and ICC	127
	Data regarding retired employees	129
	The ratio between the average cost of remuneration of the senior officer group and the average cost and mean cost of remuneration of all employees	133
	Data regarding total average annual hours of instruction for the years 2020-2022	138
	Average annual training hours per employee in the years 2020-2022	138
	Scope of the investment in training	138
	Training days at Discount Bank	138
	Training days at MDB – 2022	146
	Data regarding employee and manager training inputs at ICC	147

Chapter	Name of the table/chart	Page
	Total of Discount Group investment in the community	165
07	Breakdown of Discount's Group investment in the community	165
	Discount Sprint for the Future – General data	170
	Rate of volunteering employees	178
	Average volunteering hours per employee	178
	Discount's Environmental Credit	192
	Breakdown of consumption of energy from various sources at Discount Bank	195
	Recycling and use of recycled materials	197
	Discount Bank's electricity consumption	198
	Discount Bank's fuel consumption	198
	Estimated savings resulting from the provision of a shuttle service for Discount Bank's employees	199
	Discount Bank's water consumption	200
	Discount Bank's energetic intensity	200
	Discount Bank's paper consumption	200
	Discount Bank's carbon footprint according to scopes	202
	Discount Bank's travel emissions	202
08	The intensity of Discount Bank's greenhouse gas emissions	202
	Breakdown of MDB's consumption of energy from various sources	204
	MDB's electricity consumption	204
	MDB's fuel consumption	205
	MDB's paper consumption	205
	MDB's energetic intensity	205
	Quantity of waste sent for recycling	207
	Breakdown of ICC's consumption of energy from various sources	207
	ICC's electricity consumption	207
	ICC's fuel consumption	208
	ICC's energetic intensity	208
	ICC's paper consumption	208
	09	Discount Bank's Organizational Structure Chart
Composition of the Board of Directors		216
Details regarding members of Management		225
	GRI content Index	246
	SASB Index	252
	Complaints and enquiries data at Discount Bank	256
10	Rate of justified complaints at Discount Bank	256
	Breakdown of the subjects of main complaints at Discount Bank	256
	Rate of justified complaints at MDB	256
	Breakdown of the subjects of main complaints at MDB	256
	Rate of justified complaints	257
	Discount's social credit	257

Chapter	Name of the table/chart	Page
	Employees of Discount Bank and its principal subsidiaries	258
	Breakdown of employees by gender	258
	Breakdown of employees by geographic distribution	258
	Breakdown of employees by collective labor agreements	258
	Breakdown of employees by type of engagement	259
	Breakdown of employees by age	259
	Position partiality	260
	Diversity among employees	260
	Average seniority and age	260
	Average seniority – IDB Bank	261
	Breakdown of new employees by gender	261
	Breakdown of new employees by age	261
	Breakdown of leaving employees by gender	262
	Breakdown of leaving employees by age	262
10 (cont.)	Mobility of employees	262
	Breakdown of employees by reasons of leaving	263
	Maternity leave	264
	Employees absence	265
	External employees' absence	265
	Events involving customers and employees, who resulted in the activation of insurance policy	265
	Average training hours per employee	266
	Details of employee training data	266
	Percentage of employees who received feedback	266
	Scope of expenditure of the Discount Group in respect of activities for the community	267
Greenhouse gas emissions in 2020-2022	268	
Details regarding the investment of Discount Bank in the process of reducing greenhouse gas emissions in 2020-2022, and the annual savings deriving from them	268	
Distribution of indirect emissions (Scope 3) for 2022	269	
Handling of waste in 2020-2022	269	
Attendance at meetings of the Board of Directors and its committees	270	