ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (ESG)
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COMMITTED TO THE CUSTOMER

PROFESSIONALISM, SERVICE AND INNOVATION

Committed to customers in crisis situation
Operating support teams for customers in financial crisis

Committed to service quality improvement
First place in the Marketest Index regarding customer experience in Israel

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

Committed to innovation
Investing in innovative projects in the fields of fintech and innovation

Committed to a personally customized service
Digital workshops and training sessions for third age customers
Development and offer of banking products intended to advance designated populations

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First place in the Marketest Index regarding customer experience in Israel

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

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

Leading a social change
NIS 21 million investment in the community
175 scholarships granted to students of the Arab society, within the framework of the "Sprint Discount" program, financed by MDB
16.2% increase in the number of volunteers at the Bank

Social impact investments by means of Discount Capital
Cooperation with Sprint Association developing and operating programs for the advancement of youth in risk situations in peripheral areas

Leading an environmental change
NIS 890 million of "green" credit to solar projects advancing green energies

International recognition
Lead bank in the International Financial Reporting Standards Group

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)
Joining the voluntary treaty for the advancement of solidarity with senior citizens

Leaving a digital mark
"Digital banking application in Israel", granted by the US banking magazine Global Finance


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

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

Causing the strengthening of ethical aspects and corporate governance
The "whistle blower" mechanism for increasing effectiveness of the prevention of corruption

Accepting environmental responsibility
1.4% decrease in electricity consumption
12.8% decrease in paper consumption
3.2% decrease in the carbon footprint

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


SUCCEEDING 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
The best digital bank prize alongside the title "The best retail banking application in Israel", granted by the US banking magazine Global Finance

Nurturing of the human capital
Integrating an advanced technological system for the improvement of operational efficiency in the processes of the individual, relations between employees and the flexible management of the human resource
76% of the Bank’s employees participated in professional and behavioral instruction courses
Continuing the improvement of the internal service between the different units

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## DISCOUNT BANK SUMMARIZED SUSTAINABILITY PERFORMANCE TABLE

(Investors performance)

### ENVIRONMENTAL

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<thead>
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<th>Field</th>
<th>Index</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carbon footprint</td>
<td>Volume of emission (in tons of CO2e)</td>
<td>19,199</td>
<td>19,822</td>
<td>22,308</td>
</tr>
<tr>
<td></td>
<td>Emission per square meter</td>
<td>0.14</td>
<td>0.14</td>
<td>0.15</td>
</tr>
<tr>
<td>Resources consumption</td>
<td>Electricity consumption (in Kw/h)</td>
<td>33,291,103</td>
<td>33,773,135</td>
<td>34,462,256</td>
</tr>
<tr>
<td></td>
<td>Fuel consumption (in liters)</td>
<td>325,228</td>
<td>336,238</td>
<td>617,087</td>
</tr>
<tr>
<td></td>
<td>Paper consumption (in tons)</td>
<td>275</td>
<td>315</td>
<td>381</td>
</tr>
<tr>
<td></td>
<td>Water consumption (cubic meters)</td>
<td>23,150</td>
<td>29,320</td>
<td>28,198</td>
</tr>
<tr>
<td>Green credit</td>
<td>Credit to solar projects (in NIS millions)</td>
<td>890</td>
<td>1,020</td>
<td>890</td>
</tr>
</tbody>
</table>

### SOCIAL-ECONOMIC

<table>
<thead>
<tr>
<th>Field</th>
<th>Index</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>Rate of justified complaints against the Bank</td>
<td>34.0%</td>
<td>24.5%</td>
<td>21.4%</td>
</tr>
<tr>
<td></td>
<td>Justified complaints regarding customer privacy and data protection</td>
<td>8</td>
<td>18</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Complaints regarding product fairness</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Ratio of domestic suppliers</td>
<td>89.8%</td>
<td>91.1%</td>
<td>92.4%</td>
</tr>
<tr>
<td>Community</td>
<td>Ratio of volunteers at the Bank</td>
<td>51.4%</td>
<td>45.0%</td>
<td>40.7%</td>
</tr>
<tr>
<td></td>
<td>Commitment for investment in impact funds (in millions of US dollars)</td>
<td>$10.5</td>
<td>$10.5</td>
<td>$10.5</td>
</tr>
<tr>
<td>Economic performance</td>
<td>Economic value to stakeholders (in NIS millions)</td>
<td>8,518</td>
<td>7,279</td>
<td>7,486</td>
</tr>
</tbody>
</table>

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

### CORPORATE GOVERNANCE

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<thead>
<tr>
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<th>Index</th>
<th>2021</th>
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<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors (Discount Bank)</td>
<td>Independence of the Board of Directors (ratio of external Directors)</td>
<td>70%</td>
<td>70%</td>
<td>70%</td>
</tr>
<tr>
<td></td>
<td>Ratio of female Board members</td>
<td>40%</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td></td>
<td>Average attendance rate at board meetings</td>
<td>99.0%</td>
<td>99.7%</td>
<td>96%</td>
</tr>
<tr>
<td></td>
<td>Average tenure of Directors</td>
<td>4.04</td>
<td>3.69</td>
<td>2.69</td>
</tr>
</tbody>
</table>

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The reporting by Discount 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.
We are honored to present the Environmental, Social and Governance (ESG) report of the Discount Group for the year 2021, 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 2021 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.

Concurrently, we conduct an examination and evaluation of the Bank’s policy and its goals regarding the environmental, social and governance fields, and in particular with respect to environmental and climate field, and this on the background of the amendment to the public reporting directives, published at the end of 2021. Any expansion and intensification in the implementation of the policy of the Bank relating to environmental, social and governance issues comprise the continuing expression of our commitment to these issues, and the implementation of the policy will continue forming an integral part of the operations of the Group.

In 2021, we carried out a number of important moves and implemented many contents across the organization with respect to all strategic projects. Inter alia, we introduced our marketing strategy “Discount wants you more”, which is focused on creating a winning customer experience. Within this framework we introduced a number of significant initiatives, among which are the abolition of interest charge on debit balances of up to NIS 2,000, and the commitment to respond within one hour regarding the correspondence service on the Application.

This and more, this year the Bank signed a revolutionary collective labor agreement with the Employee Representative Committee and with the General Federation of Labor. The Agreement includes the creation of an innovative employment model, which allows the Bank administrative flexibility alongside securing employee rights and the expansion of their employment horizon at the Bank. Furthermore, the Agreement establishes adjustments to the new work environment and offers the opportunity of hybrid work that includes working from home.

The construction of the Discount Campus in Rishon LeZion continued during the reported year, to which would be relocated the head offices of the Bank, of MDB and of ICC. The Campus had been planned according to stringent environmental standards, while being based on green construction principles and qualifying the project according to grade LEED V4 of the US Green Building Council.

Significant progress was made this year in the diversity area, when at the end of 2021 the ratio of employees belonging to the under-represented population in the labor market amounted to 16.4% of all employees of the Discount Group in Israel.

Also this year we continued to act in accordance with the donation policy of Discount Bank, focusing on social leadership and encouraging work in challenged employment sectors, this while stepping up the scope of donations. Alongside all that, employees of the Group continued to join different volunteering initiatives.

On our behalf and on behalf of the Boards of Directors and Managements 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.

June 30, 2022

Shaui Kobrinsky
Chairman of the Board of Directors

Uri Levin
President & CEO
**Discount’s eleventh Environmental, Social and Governance (ESG) Report**

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 has been prepared in accordance with the GRI Standards: Comprehensive Option. This Report reviews the Bank’s processes in Israel. The report has successfully undergone the GRI Maturity Disclosure Service.

For the principal subsidiaries1 in Israel – Mercantile Discount Bank Ltd. (hereinafter: “MDB”) and Israel Credit Cards Ltd. (hereinafter: “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 2021 in reducing the subsidiaries’ reporting gaps.

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 of interest to its stakeholders.

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.

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 relationships and heightening cooperation.

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 Board of directors of the Bank 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 website3 and in English on the Bank’s Investor Relations page,4 on the GRI’s Sustainability Disclosure Database5 and on the GC website.6 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 2021 Annual Report and the 2022 interim reports. 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) also on the “Magna” website of the Israel Securities Authority and on the “Maya” 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 MDB7 and on the website of ICC8 (in English – only ICC’s annual reports).
Managing Environmental, Social and Governance issues at Discount

The Bank has a social responsibility director appointed by the Bank’s Management. The appointment is intended to strengthen the management of the social responsibility field at the Bank and reflects the importance attributed by the Bank to this subject. The director’s task is to intensify the social responsibility awareness of Bank employees, as well as of its stakeholders, and to formulate plans of action to achieve the goals designated for this area. The director reports to the head of the Human Resources Division, who is in charge of managing social responsibility at 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.

The Bank is conducting an examination and assessment of its policy and goals in relation to environmental, social and governance fields, with particular emphasis on the environmental and climate field, against the background of the December 2021 amendment of the Public Reporting Directives. Once this process has been completed, projects and/or goals in these fields will be integrated into the strategic plan and changes will be assimilated with the aim of upgrading the processes in these spheres and in their management.

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.

The process of identifying the material topics

Material topics are defined as topics having economic, environmental and social aspects where the organization has a substantial impact on its stakeholders or where the organization itself is impacted by them. Within the framework of the preparations for the 2021 Environmental, Social and Governance (ESG) Report and in accordance with the requirements of the GRI Standards according to which this Report is being written, the Bank had conducted a process for evaluating and updating of the material topics, which defines the material topics to be reported, their scope and the order of their importance.

The updating of the materiality matrix for this report was carried out based on the material topics that were identified in the 2020 Report and was performed in two stages with the assistance of the sustainability and corporate responsibility unit at BDO Consulting.

Initially, the Bank focused the reviewed topics. This process was performed based on a review of trends and changes as reflected in the position of the Supervisor of Banks and in the publication of the circular “Public Disclosure Regarding Environmental, Social and Governance (ESG) Aspects”, in the pronouncements of selected analysis entities (Bloomberg, RobecoSAM, FTSE, MSCI and Maala), in publications of other banks (TD Bank, Banco Santander and banks in Israel) and in international reporting initiatives and standards (GRI, SASB and the UN’s sustainable development goals – SDGs). As part of the aforesaid focus, main points of emphasis were identified in accordance with each of the entities reviewed and a list of 19 topics was drawn up. While drawing up the list, which served as a basis for addressing stakeholders, the following topics were added:

- coping with climate change;
- strengthening the sustainability of the banking system and the economy.

Subsequently, an active dialog took place with the Bank’s various stakeholders: customers, employees and suppliers in the environmental, social and governance fields. The dialog was conducted by means of dedicated questionnaires, with each questionnaire including various statements from the environmental, social and governance fields on topics that were identified as being material to the Bank’s activity. The review participants were asked to rank each topic according to its level of importance to the reporting in the Bank’s Report. The questions were rated on a scale of 1-5 (with 1 being the lowest rating, and 5 being the highest).

For the purpose of formulating a stakeholders’ position, a weighting was given to responses to the questionnaires sent to the various stakeholders, as well as to the results of the review performed of the analysis entities, reporting initiatives and the rival banks that were reviewed.

Breakdown of the weight allotted to the participating stakeholder groups:

- Customers - 35%;
- Employees - 25%;
- Suppliers - 15%;
- Analysis entities - 10%;
- Competitor banks - 5%;
- Maala - 5%;
- Reporting initiatives and standards - 5%.

In order to formulate the position of the Bank and its principal subsidiaries, similarly to the dialogue held with stakeholders, a dialogue was held with the Managements and Boards of Directors of the Bank and its principal subsidiaries in Israel – ICC and MDB. Management accounted for 70% of the final weighting of the score and the Board of Directors accounted for 30% of the score. These results represent the position of the Discount Group.

At the end of the process, the Bank updated the order of importance of the material topics as obtained from the weightings of the stakeholders’ positions on the one hand and the positions of the Managements and the Boards of Directors on the other. The outcome of the process is the identification of the dozen most material topics for the reporting.

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12 102-46.
THE MATERIAL TOPICS MATRIX

A material topic in the Report  The GRI topic  Boundary of the impact

<table>
<thead>
<tr>
<th>Business ethics</th>
<th>Socio Economic Compliance</th>
<th>Within the organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer privacy and data security</td>
<td>Customer Privacy</td>
<td>Within the organization</td>
</tr>
<tr>
<td>Work environment and terms of employment</td>
<td>Employment</td>
<td>Within the organization</td>
</tr>
<tr>
<td>Training and development of employees</td>
<td>Training and Education</td>
<td>Within the organization</td>
</tr>
<tr>
<td>Diversity and inclusiveness</td>
<td>Non Discrimination</td>
<td>Within the organization</td>
</tr>
<tr>
<td>Safeguarding human rights in the business activity</td>
<td>Human Rights Assessment</td>
<td>Within and outside the organization</td>
</tr>
<tr>
<td>Accessibility for persons with a disability</td>
<td>Accessibility</td>
<td>Within the organization</td>
</tr>
<tr>
<td>Fairness and transparency in financial products and services</td>
<td>Marketing and Labeling</td>
<td>Within and outside the organization</td>
</tr>
<tr>
<td>Strengthening the sustainability of the banking system and the economy</td>
<td>Key impacts, risks and opportunities</td>
<td>Within and outside the organization</td>
</tr>
<tr>
<td>Economic, environmental and social considerations in the business operations</td>
<td>Identifying and managing economic, environmental, social impacts</td>
<td>Within and outside the organization</td>
</tr>
<tr>
<td>Customer experience</td>
<td>-</td>
<td>Within and outside the organization</td>
</tr>
<tr>
<td>Involvement in the local community</td>
<td>Local Communities</td>
<td>Within and outside the organization</td>
</tr>
</tbody>
</table>

13 102-47.
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 2013-2021 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.

QUALITY ASSURANCE STATEMENT:

Introduction
Shibolet ESG is a consulting firm that operates within the framework of the subsidiary Shibolet Consulting Services Ltd., which belongs to the law firm Shibolet & Co. In October 2021, Discount Bank contacted the firm with a request to undertake a quality assurance process for the 2021 Environmental, Social and Governance (ESG) Report. It is hereby declared that the firm receives a payment to cover the time it invested in this process. Furthermore, it should be noted that neither the firm nor Dr. Liad Ortar (who performed the work), who heads the firm, have any consultative business relationship with Discount Bank and that the quality assurance process was conducted independently. During the course of the quality assurance process, a draft of the report was examined, comments were made, and this quality assurance statement was drafted. The process in this report was performed in conformance with the principles of quality assurance standard AA1000AS of the global organization, AccountAbility.

Work Approach
The quality assurance process for the Environmental, Social and Governance (ESG) reports is a process the object of which, first and foremost, is to improve the quality of the reporting product by means of providing professional feedback. As part of the process, it is examined whether the report complies with three central principles:

1. Inclusiveness – relating fully to the topics included in the reporting process itself and the inclusion of a wide range of the stakeholders in the reporting in the process of prioritizing the issues to be reported.
2. Materiality – relating to the topics that are material to the company’s operations.
3. Responsiveness – reporting regarding topics raised by the stakeholders.

Findings
This is the eleventh report published by Discount Bank and is an integral part of the trend of sustainability reporting adopted by the whole of the Israeli banking sector, with this being in conformity with the requirements of the Supervisor of Banks. The report adopts the latest reporting GRI Standards, while complying with the broad reporting framework known as the “Comprehensive Option”.

I hereby declare that Discount Bank is indeed in compliance with the scope of disclosure and reporting required at this level and that it demonstrated compliance with the three principles presented above. This report, the eleventh in number, continues to show a trend of commendable professional development.

Remarks regarding the report:
Calculating scope 3 among banking institutions – in its present form, the calculation of the scope 3 of the Bank is only partial, and this should be noted in the environmental chapter. Banking institutions are required to include within the framework of scope 3 the carbon footprint of their financial holdings. This is indeed a real challenge, but most of the world’s banks are now preparing for this and are being aided in this task by the latest methodologies. Moreover, I would add that it is possible to expand the carbon footprint calculation to scope 4, which presents data on avoidance of greenhouse gases emissions achieved through the Bank’s financing.

Congratulations on your good work,

Dr. Liad Ortar
Head of Shibolet ESG
June 30, 2022
GROUP PROFILE AND FINANCIAL DATA

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The Discount Group grants its customers comprehensive banking services in all areas of financial activity, through 171 branches in Israel.
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.

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 Act (Legislation amendments), 2012.

The Discount Group grants its customers comprehensive banking services in all areas of financial activity, through 17114 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 and large business (for details as to the definition of the segments see p. 253 and 268 of the 2021 Annual Report; for details regarding the distribution of operations according to geographical areas see p. 268 of the 2021 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. ("ICC") and Diners Club Israel Ltd. ("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);

- **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;

**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.

### International activity

The international activity of the Discount Group is conducted by IDB Bank, the subsidiary company in the United States. IDB Bank is the largest of the Israeli banks operating abroad, and at the present time 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.

### Discount Group Holdings Structure

<table>
<thead>
<tr>
<th>Bank</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank</td>
<td>100%</td>
</tr>
<tr>
<td>Israel Discount Bank Ltd.</td>
<td>100%</td>
</tr>
<tr>
<td>Banking Corporations in Israel</td>
<td>100%</td>
</tr>
<tr>
<td>Banking Corporations Abroad</td>
<td>100%</td>
</tr>
<tr>
<td>Capital Markets and Investments Companies</td>
<td>100%</td>
</tr>
<tr>
<td>Credit Cards Companies</td>
<td>100%</td>
</tr>
<tr>
<td>Digital Wallet</td>
<td>50.1%</td>
</tr>
<tr>
<td>Pay Box</td>
<td>50.1%</td>
</tr>
</tbody>
</table>

15 102-45.
16 As of December 31, 2021.

* Directly and Indirectly.
Goals and business strategy

The new strategic plan, which was formed in the course of 2020, aims towards the realization of the Bank’s 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 – accelerated evolution of traditional banking, revolution in banking business by way of groundbreaking innovation and maximizing the value of the Group.

First pillar – Accelerated evolution of traditional banking

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 five areas:

- Winning customer experience
- Significant growth and increasing market share in focal segments
- Innovation
- Banking excellence
- Winning organizational culture

Second pillar – groundbreaking innovation

Goal: Being a leading player in the implementation of groundbreaking banking models that create competition

Third Pillar - maximizing the value of the Group

Goal: Utilization of the synergies between the Group companies and maximization of their value

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 in accordance with 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.

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 results in changes in the ability to execute the Bank’s plans as they exist at the time of publishing the statements.

Material environmental, social and governance aspects. The Bank conducts examination and evaluation of its policy and goals regarding environmental, social and governance fields, especially in the field of the environment and climate, on the background of the amendment to the public reporting directives of December 2021. Following the completion of the process, projects and/or goals regarding the above fields would be integrated into the strategic plan.

For additional details, see the 2021 Annual Report, pp. 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, 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,
vaccination efforts taken since the beginning of 2021, had led since the month of March 2021, to a decline in the rates of morbidity, allowing a gradual removal of most of the restrictions. In consequence thereof, recovery in economic activity was noted starting from the second quarter of the year. In the second half of June 2021, the spreading of the “Delta” variant indeed began, however the significant decline in the morbidity situation with the subsiding fourth wave of the Corona pandemic, due to the population being inoculated with the third booster shot with no need for additional lockdowns, brought about a decline in the scope of unemployment and the reduction in Government deficit. An additional considerable outbreak of the pandemic occurred at the beginning of the first quarter of 2022, although the scope of restrictions imposed by the Government on the economic activity in Israel was limited. Following the outbreak of the morbidity, a moderate decline has been noticed in the scope of economic activity in Israel.

Preparations made by the Bank. With the beginning of the Corona crisis, the Bank’s Management directed its full administrative attention to the crisis and its implications. Cross-organization work teams, headed by the Bank’s President & CEO, managed the different layers of the Bank’s operations during that period, while closely following developments and adopting measures for the reduction of the different risks and the maintenance of business continuity with the utmost sensitivity to Bank customers. The business divisions increased monitoring and control operations over the condition of the credit portfolio and of the financial assets portfolio of the Bank. Concurrently with the management of the crisis, the Management engaged in planning the Bank’s preparations for exiting it and in the initiation of actions in this field. In 2021 the branches layout and the supporting units at Discount Bank and at MDB operated in full capacity.

Changes in the level of risk. The Corona crisis and its domestic and global implications, have led to an increase in risk in most of the managed risk areas in 2020. Following the decline in the inherent risk as a result of the return to work at the Bank offices, the strengthening of business continuity and the stabilization of the changes that had followed the retirement process, the evaluation of the impact of the operational risk has been lowered in the second quarter of 2021 from High to Medium-high, the rating in effect prior to the outbreak of the Corona crisis.

Expenses for credit losses. In 2021 credit loss expenses release in the amount of NIS 693 million were recorded, compared with expenses of NIS 1,718 million in the corresponding period in 2020, a decrease of 140.3%. The significant decrease in morbidity and the lifting of the third lockdown led to the reopening of the trade and the economy as a whole, with greater economic activity being evident beginning toward the end of the first quarter. Later on in the year, the subsiding fourth wave of the Corona pandemic, due to the population being inoculated with the third booster shot with no need for additional lockdowns, brought about a decline in the scope of unemployment and the reduction in Government deficit. These factors have had a positive impact on the position of businesses and borrowers, as well as on macroeconomic parameters.

Continuing uncertainty conditions. The level of uncertainty declined during 2021, in view of the wide scope vaccination of the population in Israel, the decline in the rates of morbidity and the lifting most of the restrictions that had been imposed on economic activity. However, the overall economic ramifications of the Corona crisis are still not fully clear and depend on the rate of economic recovery and the return of the various economic sectors to full activity. The uncertainty is also affected by concerns regarding additional waves of the pandemic outbreak and the implications of such additional waves. In addition, at this stage, significant uncertainty still exists with respect to the length of time in which the Corona epidemic may continue its significant presence in the world. The Bank and its principal subsidiaries continue to follow developments in this respect and are studying the possible implications on sectors and customers, which might be affected by this situation.

Forward looking information. The Bank estimates regarding the possible implications of the crisis, comprise forward looking information, based upon the information existing in the hands of the Bank at date of preparation of this report. Such estimates may not materialize or may materialize in a different manner than that estimated by the Bank.

For additional details, see the 2021 Annual Report, pp. 19-21.

Strategic cooperation with Shufersal

On June 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. In addition, the company will offer its customers a virtual credit card that will be ascribed to the PayBox club, including for members of the Shufersal loyalty club who are not holders of a Shufersal loyalty club credit card.

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, 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.

On June 30, 2021, following the receipt of the regulatory approvals for the completion of the transaction, the merger was completed, within the framework of which PayBox Ltd. (“PayBox”) absorbed Shufersal Digital Benefits Ltd. (For additional details, see the 2021 Annual Report, pp. 22-23).

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 was made accessible.

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, 2021, the number of users registered for the PayBox Application, which includes the addition of means of payment, totaled approx. 1.6 million users, growth of approx. 26% as compared to December 31, 2020. The number of active users, who made at least one transaction in the last 90 days, totaled at December 31, 2021 approx. 1,022 thousand users, growth of approx. 32% as compared with December 31, 2020. The turnover of the transfer of funds by means of the Application amounted in 2021 to approx. NIS 3.2 billion, growth of approx. 60% compared to 2020.

The “One-Click Mobility” reform

The Reform allowing rapid transition between banks – “One-Click Mobility” – entered into effect on September 22, 2021, which
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 and the updating of the Bank’s marketing website, 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 empowerment of customers of the banking system, and the increase in competition together with a significant opportunity for growth through the attraction of new customers, intensifying operations and retention of customers.

The ratio of new customers to leaving customers was approx. 2.4 in the period since the entry into effect of the Reform (September 22, 2021 to February 27, 2022).

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.

The index for the measurement of the success of the change is the customer recommendation index - 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.

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.

Issuances

During April, June and November 2021, the Bank, through its subsidiary Discount Manpikim Ltd. ("Manpikim"), completed the processes of issuing subordinated debt notes, which include a principal loss absorption mechanism, which are capital instruments classified as Tier 2 capital for the purpose of their inclusion in the Bank’s regulatory capital, in a total amount of approx. NIS 1,762 million.

In November 2021, 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 Bank’s credit portfolio. In this framework, bonds were issued in a total amount of approx. NIS 3.1 billion and commercial securities in a total amount of approx. NIS 907 million.

Rating

Moody’s rating agency announced on June 15, 2021, the raising of the rating of deposits with the Bank from "A3" to "A2" with a stable outlook. In its announcement Moody’s noted Discount Bank’s recent improvements in its profitability, while strengthening resiliency in the crisis period, following the continued focus on efficiencies and significant growth potential, and has noted that the ratings upgrade also takes in to account ongoing improvement in the Bank’s asset risk profile following of growth in low-risk assets, such as housing loans in Israel – all as detailed in immediate reports dated June 15, 2021 (Ref. no. 2021-01-101196).

The rating company S&P Global announced on January 23, 2022, the raising of the rating outlook of the Bank from Stable to Positive. S&P Global stated that Israel Discount Bank is weathering the pandemic with a limited impact on its financial profile. The Bank’s profitability and asset quality metrics remained sound despite pandemic-related economic stress and the relatively rapid credit growth it achieved in the last 12 months. S&P Global also stated that the Bank’s resilient performance should help it further strengthen its sound capital buffers despite the intended rapid growth in credit. Together with the outlook rating of the Bank being raised, the outlook rating of IDB Bank was also raised from Stable to Positive.

For additional details, see the 2021 Annual Report, pp.19-24.

The 2020 retirement plan

During August and October of 2020, the Board of Directors approved a retirement plan for approx. 500 employees, following an outline that had been formed by the Bank’s Management, on the background of the Corona crisis and the intention to increase in a significant scope the number of retirees over and above the employees expected to reach natural retirement. In view of the above stated, it has been decided to alter the retirement outline at the Bank, in an exceptional and one-time manner, offering retirees preferential terms compared with the usual retirement terms and the terms that had been offered in previous plans.

The boards of directors of MDB and of ICC have approved an early retirement plan for approx. 60 employees and approx. 80 employees, accordingly, during 2020-2021, (see the 2021 Annual Report, pp. 222-223).

The retirement of the vast majority of the employees was completed in the first quarter of 2021. Until December 31, 2021, some 812 employees of the Group in Israel retired (including natural retirement of employees).

During 2021, the Bank continued its reorganization for the day after the conclusion of the retirement campaign, with emphasis on filling gaps in manpower and its training, including internal filling of positions, particularly in those units where the retirement percentage was high and/or where employees defined as key personnel had retired.

Signing of collective agreements

For details, see Chapter 5 below – “The Employees".
Mercantile Discount Bank

General overview

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 Azielli Business Center in the city of Holon.

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 73 branches.

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 with employees of local authorities;
- operating efficiency.

Principal activities and events at Mercantile Discount Bank in 2021

The year 2021 was characterized by the gradual exit from the global health and financial crisis. When the crisis broke out, MDB strove to assist its customers by deferring loan repayments and by granting credit to small and medium business within the framework of the Fund guaranteed by the State. MDB coped successfully with the waves of the crisis and worked with dedication to continue providing service to its customers in a flexible and speedy manner over the range of various channels.

As part of its efforts to provide a high-quality and appropriate response to its customers, MDB is working to increase the use of digital channels and other services, which are customized to take account of developments in the business activity environment and customers’ needs, expectations and characteristics.

At the start of 2022, MDB made arrangements for the implementation of the multiyear strategic plan, at the core of which is continued focus on the bank’s target segments and leveraging existing capabilities, while at the same time developing new capabilities and infrastructures. The plan’s focus is on widespread business growth and the continued implementation of efficiency measures.
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 and some 100 thousand trading houses. ICC provides card issue and clearing services to the leading credit brand names in the world, and develops payment services and innovative technology based advanced financial products. The company maintains long-term strategic partnerships with all banks in Israel and with leading retail chains and commercial entities in the economy.

ICC is considered an “auxiliary corporation” under the Banking Act (Licensing), 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 Givatayim.

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 affiliate, 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 creditcards), 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 Caspontel 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, 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 2021

The focus in 2021 was on stabilizing the Israeli economy following the Corona crisis that broke out in 2020. The Corona crisis had a direct impact on ICC’s fields of activity, harming its main revenue channels. The recovery from the crisis is markedly evident in the company’s 2021 financial statements and is reflected in a variety of parameters, including: a reduction in credit loss expenses alongside growth in the credit portfolio and in the scopes of credit card activity.

In 2021, ICC also continued to implement a series of strategic initiatives and advanced technological projects, including an advanced, unique financial platform, together with long-term infrastructure projects that emphasize the upgrading of core systems. The company also acted to simplify and improve the processes from the customer’s viewpoint.

During the year, the company took action to draw up a multiyear strategic plan. The plan was drawn up through an intensive, in-depth process, in which various functions from within the company participated through challenging the company’s goals. This plan will assist ICC in successfully coping with the changes and challenges likely to confront it in the coming years and act as a compass and roadmap to lead the company to new records.

Other developments during the year:

- the 2020 retirement pan was completed;
- work continued on the construction of the Campus, and preparations were started for the sale of ICC House in Givatayim.18

18 The sale agreement was completed on March 23, 2022.
and Standby Letters of Credit, Documentary Collections, Bankers’ Acceptances).

IDB Bank’s broad range of banking services includes Personal and Business Accounts, Investment Services, Cash Management, Checking Accounts, Money Market Savings Accounts, U.S. Dollar and Foreign Currency Time Deposits, Foreign Exchange and Interest Rate Derivatives, Credit Cards, ATM/Debit Cards, Safe Deposit Boxes, Online Banking, Money Transfers, Lockbox Facilities, Safekeeping and Custody of Securities, Money Orders and Direct Deposit of Social Security and other recurring payments. IDB Bank also offers services to technology companies through IDB Tech, a division of the bank.

IDB Bank has sound liquidity and capital ratios.

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

Approved in 2017, the Strategic Plan of IDB Bank was transformational, with a focus on deepening its strong bonds, both with the community, and within the bank’s walls. The genesis of the Strategic Plan is rooted in IDB Bank’s 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.

The strategic plan is based upon three tiers: focused growth through professionalism, customer focused infrastructure and change enabling culture.

The bank expanded its wealth management value offers through a variety of new products and services, most notably, the Joint Venture partnership with Lido Advisors that is pending regulatory approval. The bank continued investing in its technology infrastructure and moved its headquarters to new, state-of-the-art offices area in Manhattan where a hybrid work model is being implemented.

In summary, IDB Bank, the largest Israeli bank in the US, demonstrated solid growth in its core business, across all regions, and solid financial results that put him in a position to continue executing against its strategic plan across all business sectors and all geographic areas. The bank is also primed to expand its presence and continue to grow its loyal, solid customer base while improving its IT and Operational infrastructure.

Principal activities of IDB Bank in 2021

2021 was a positive year of growth, recovery, and renewal, catalyzed by the successful execution of IDB Bank’s growth strategy in the wake of a challenging 2020 heavily influenced by the corona pandemic.

Despite the ongoing impact of the global pandemic, IDB Bank managed to emerge strong in 2021, with US$13 billion in assets. Loans and deposits grew by 17.2% and 24.9% respectively in 2021, adding to an already strong balance sheet with a capital ratio of 13.5% and ample of liquidity.

IDB Bank’s strong results reflect its industry expertise and loyal customer base, which delivered growth in Commercial Banking and the High-Tech segments. The bank also successfully accomplished several key milestones, including expanding its private banking value offers to new products and wealth management solutions and implementing a hybrid work model.

Along with consistently supporting its clients, across all regions, IDB Bank overall demonstrated strong growth in its core business and solid financial results, showing its exceptional growth in its loan portfolio to US$8.5 billion. The bank is well-positioned to continue executing its strategy to grow business across all geographic areas, and has successfully improved IT and operational infrastructure, including moving to a state-of-the-art headquarters in Manhattan.

Memberships 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.

The treaty against racism in the Israeli society. The Treaty is the outcome of an initiative the aim of which is to fight all racism phenomena in the Israeli society. The vision is to lead a deep change in positions that would assist in turning the Israeli society into a more open-minded and tolerant society that allows for higher social mobility. This initiative has been introduced in February 2020, at the residence of the President of the State of Israel, in the presence of senior representatives from all over the spectrum of the Israeli society – the public sector, local authorities, the business sector, representatives of the sports world, higher education institutions, youth movements and workers and community organizations. On behalf of the Bank, the Treaty was signed by Mr. Kobrinsky, Chairman of the Board.

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 examine corporate responsibility performance.
- 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 2020 was submitted in August 2021. At the date of completion of this report, the report for 2021 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 social responsibility reports published since the year 2013 comprise progress reports for the relevant years.
Ratings in the fields of Environment, Social and Governance

"Maala" rating for – In July 2021, "Maala" published its rating for 2020. The Bank has been rated in the Platinum Plus category (awarded to companies with an absolute score of over 90). 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 2020, ICC was rated for the fifth consecutive year in platinum rating.

In May 2022, The Bank and ICC submitted the rating questionnaire for 2021. At the time of completing this Report, the 2021 Maala ratings had not yet been published.

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 2021, the Bank is positioned in the 29th place in the rating and ICC is positioned in the 23rd place.

BDI Code – A business leadership index rating approximately 500 companies in the market. In 2021, the Bank was awarded the 18th place in the rating; MDB was positioned in the 123rd place in the rating and ICC in the 106th place.

Duri's 100 rating – In 2021, 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 ("NYSDFS") - 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 NYSDFS 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 rating weighs four parameters: volume of credit, cost of credit, commission charged, customer satisfaction survey and review by financial consultants. The Index published in respect of the 2021 reports, placed MDB in the first place in the banking system.

Commendations and prizes

Discount Bank

The computer excellence competition for 2021 – In 2021, the Bank won eight awards in the 2021 IT Awards Competition, granted by "People and Computers" for technological projects implemented during the year:

> digital mortgages;
> work-station portability;
> hybrid cloud infrastructure - VRA;
> management of incoming and outgoing Backoffice interactions;
> development of a new ESB platform;
> "Paperless Branch" project;
> the BOARD project.

Global Finance Magazine – World's Best Digital Bank Awards – In 2021 Discount Bank won three prizes in this international competition conducted by the US banking magazine Global Finance. This competition is being held separately at each country. Discount Bank won the title of the "best digital bank" in the retail banking field and in the corporate banking field in Israel, alongside with the title of the "best retail banking application in Israel". It is the third consecutive year in which Discount Bank wins all prizes relevant to Israel.

Discount Bank was named in 2021 as a Superbrand in Israel – for the 8th 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

Exceptional Projects Competition – ICC has won this year the "Exceptional Project" award of the Israel Chamber of Information Technology competition for the 'Digital Credit Card' project.

Exceptional Projects Competition – ICC has won this year a prize for five leading projects in the computer excellence competition IT Awards for 2021 of the People and Computers magazine:

> "Seeing in the Dark" - upgrading the Command and Control array;
> withdrawing excessive privileges on end-stations;
> issuing a digital credit card;
> displaying credit card details on the app;
> MoveIT – moving the computer room.

Superbrand in Israel – ICC was nominated in 2021 as a "Superbrand" in Israel, for the 12th year in a row.

Ms. Irena Portnik, Deputy CEO and Head of ICC’s Technology and Operations Division was chosen as the Israel Chamber of Information Technology’s “Exceptional CIO” for 2021.

Computer Excellence Competition – ICC has won this year a prize for five leading projects in the computer excellence competition IT Awards for 2021 of the People and Computers magazine:

> "Seeing in the Dark" - upgrading the Command and Control array;
> withdrawing excessive privileges on end-stations;
> issuing a digital credit card;
> displaying credit card details on the app;
> MoveIT – moving the computer room.
Discount Bank and the United Nations' sustainable development goals

Adopted in September 2015, the new agenda for the sustainable development towards the year 2030, by means of determining the global Sustainable Development Goals (SDGs).

An analysis of the corporate social responsibility 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.

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.

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Participation of 12,500 youngsters in 340 activity centers of &quot;Sprint&quot; project</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>254 scholarships to students granted within the framework of &quot;Sprint&quot; project</td>
</tr>
<tr>
<td>2020</td>
<td>272 scholarships to students granted within the framework of &quot;Sprint&quot; project</td>
</tr>
<tr>
<td>2019</td>
<td>204 scholarships to students granted within the framework of &quot;Sprint&quot; project</td>
</tr>
</tbody>
</table>

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);

"Family program" – the program enhances the financial power of customers having family ties who hold different accounts with the Bank, by focusing on the needs of the customer and his family, turning them into a single financial ties by focusing on the needs of the customer and his family, turning them into a single financial group enjoying a variety of singular services and benefits, in accordance with the combined data of the participants in the program;

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.
Goal 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.

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, suppliers

Goal 8 - Performance over the years

<table>
<thead>
<tr>
<th>Year</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>NIS 39,091 million, outstanding credit balance for small businesses</td>
</tr>
<tr>
<td>2020</td>
<td>NIS 36,439 million, outstanding credit balance for small businesses</td>
</tr>
<tr>
<td>2019</td>
<td>NIS 36,837 million, outstanding credit balance for small businesses</td>
</tr>
<tr>
<td>2012-2021</td>
<td>771 financial education activities since 2012 and until the end of 2021</td>
</tr>
<tr>
<td>2021</td>
<td>US$7.1 million, investments in impact funds</td>
</tr>
<tr>
<td>2020</td>
<td>US$5.3 million, investments in impact funds</td>
</tr>
<tr>
<td>2021</td>
<td>MDB operates 12 branches in the ultra-orthodox (Haredi) society and 34 branches in the Arab society</td>
</tr>
<tr>
<td>2020</td>
<td>MDB operates 12 branches in the ultra-orthodox (Haredi) society and 34 branches in the Arab society</td>
</tr>
<tr>
<td>2019</td>
<td>MDB operates 12 branches in the ultra-orthodox (Haredi) society and 34 branches in the Arab society</td>
</tr>
</tbody>
</table>

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

Goal 9 - Performance over the years

<table>
<thead>
<tr>
<th>Year</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>Approx. 703 thousand active subscribers on the direct channels at Discount Bank and approx. 217 thousand at MDB</td>
</tr>
<tr>
<td>2020</td>
<td>Approx. 625 thousand active subscribers on the direct channels at Discount Bank and approx. 270 thousand at MDB</td>
</tr>
<tr>
<td>2019</td>
<td>Approx. 482 thousand active subscribers on the direct channels at Discount Bank and approx. 270 thousand at MDB</td>
</tr>
<tr>
<td>2021</td>
<td>NIS 5.9 million of investments in energetic efficiency projects</td>
</tr>
<tr>
<td>2020</td>
<td>NIS 4.0 million of investments in energetic efficiency projects</td>
</tr>
<tr>
<td>2019</td>
<td>NIS 6.75 million of investments in energetic efficiency projects</td>
</tr>
</tbody>
</table>

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 and female workers from the ultra-orthodox society, as well as absorption of 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 – MBD 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 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

<table>
<thead>
<tr>
<th>Year</th>
<th>Complaints by employees regarding discrimination</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>1 complaint by employees regarding discrimination (within the framework of a submitted suit)</td>
</tr>
<tr>
<td>2020</td>
<td>0 complaints by employees regarding discrimination</td>
</tr>
<tr>
<td>2019</td>
<td>2 complaints by employees regarding discrimination</td>
</tr>
</tbody>
</table>

2021: 13.6% 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
2019: 8.3% of Discount’s employees come from a population under-represented in the labor market

2021: NIS 21 million, scope of investment in the community
2020: NIS 12.3 million, scope of investment in the community
2019: NIS 11.4 million, scope of investment in the community

Notes:
1 The data had been amended.
2 The measurement format was changed.

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:
Corporate governance code – application of the ‘best practice’ policy with respect to corporate governance, the code is based upon the provisions of the law and regulations applying to the Bank in this field, the principal subsidiaries have also adopted a corporate governance code;

Avoiding conflict of interests within the Board of Directors – in addition to abiding by proper conduct of banking business directives, the corporate governance code of the Discount Group states that the Board of Directors shall determine a policy and rules for the treatment of conflict of interests designed to protect the Bank from improper or illegal operations;

The Bank has joined the initiative against racism in the Israeli society.

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".
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

<table>
<thead>
<tr>
<th>Economic values</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>The total economic value produced by the Group¹</td>
<td>10,491</td>
<td>9,905</td>
<td>9,664</td>
</tr>
<tr>
<td>Total economic value distributed by the Group to its stakeholders²</td>
<td>8,518</td>
<td>7,279</td>
<td>7,486</td>
</tr>
<tr>
<td>Total retained economic value³</td>
<td>1,973</td>
<td>2,626</td>
<td>2,178</td>
</tr>
<tr>
<td>Provision for taxes on income from ordinary operations</td>
<td>1,516</td>
<td>549</td>
<td>932</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employees</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Group employees⁴</td>
<td>8,899</td>
<td>8,888</td>
<td>9,472</td>
</tr>
<tr>
<td>Salaries and related expenses</td>
<td>3,468</td>
<td>3,242</td>
<td>3,343</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customers</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of branches in Israel⁵</td>
<td>171</td>
<td>177</td>
<td>178</td>
</tr>
<tr>
<td>Credit to the public⁶</td>
<td>216,196</td>
<td>192,479</td>
<td>182,091</td>
</tr>
<tr>
<td>Of which: housing loans⁴</td>
<td>53,944</td>
<td>42,651</td>
<td>37,159</td>
</tr>
<tr>
<td>Credit to small and minute businesses⁷</td>
<td>39,091</td>
<td>36,439</td>
<td>36,837</td>
</tr>
<tr>
<td>Commitment for investment in impact funds⁸</td>
<td>10.5</td>
<td>&lt;10.5</td>
<td>&lt;10.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Suppliers and community</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment to suppliers</td>
<td>1,380</td>
<td>1,328</td>
<td>1,239</td>
</tr>
<tr>
<td>Purchase in Israel</td>
<td>89.8%</td>
<td>91.1%</td>
<td>92.4%</td>
</tr>
<tr>
<td>Contributions and investments in the community²</td>
<td>20.9</td>
<td>12.8</td>
<td>11.4</td>
</tr>
</tbody>
</table>

Notes:
1 Net interest income (interest income less interest expenses) together with non-interest income (non-interest financing income, commissions and other income).
2 The difference between the economic value produced by the Group and the economic value distributed by the Group.
3 Data as of December 31, of each of the years.
4 Branches of Discount Bank and branches of MDB.
5 Total liabilities by means of Discount Capital, within the framework of investments having a social impact alongside financial return.
6 The volume of monetary donations (mostly) and indirect investments having a monetary value.
7 The data has been amended.

## 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.

During the time of the continuing Corona crisis, the Bank has been striving to build up the robustness of its customers, its employees, its suppliers and its partners in the community, and has thereby also contributed to robustness at the national level.

## 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).

Financial data of MDB and of ICC are presented in their annual reports for 2021, available on their respective Internet websites. Financial data of the Discount Group is presented in the 2021 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 2021 Annual Report (pp. 253-270). Data regarding the activity of the Discount Group by geographical areas are presented in the 2021 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 2021 Annual Report (pp. 79-80).

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 and promote the employment of women from the ultra-orthodox sector (see Chapter “Employees” below), as well as employment of employees with a disability (see chapter “Discount for the Community” 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”).
03 DISCOUNT SPIRIT

Formation and integration of the “Discount Spirit” 48
Vision, Values and Everything in Between 49
The Code of Ethics 53
Goals 55

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, to leading change, to making it happen and to succeeding together.

---

**Formation and integration of the “Discount Spirit”**

The integration of the vision into the Bank included four main lines of action:

- **Management** – determining policies and making value directed decisions, providing “role models”, monitoring and control;
- **Managers** – responsible for the integration in the field, in the branches and in the Head Office units;
- **Core processes and strategic projects** – development of processes and projects at the Bank in order to reflect the new values;
- **Internal communication** – creation of an activity for the delivery of messages encouraging integration all over the Bank, mainly by means of two communication platforms: “FaceBank” the organizational portal and “Morning Magazine” issue, which includes different articles from all units of the Bank.

Adjustments and absorption of the strategic projects continued during 2021, in accordance with the “Discount Spirit”, including in organizational development, learning and employee evaluation processes. The “Discount Spirit” served also as a compass in the structuring of the leadership model and the structuring of the core organizational skills catalogue. The Code of Ethics was updated in 2021 and modified to changes in the economy, to changes in regulatory requirements and to the Bank’s customer experience concept. Absorption of the Code continued by means of focusing on designated units and meetings of ethics committees.

---

**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.

---

**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.

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.

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.

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.

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

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

The leadership model of Discount 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 structures on three layers: bases of leadership – skills – behavior. Each leadership base contains three skills; each skill defines two modes of behavior.

The model was integrated during the year in three central integration levels. The first level comprises organizational processes, such as employee evaluation, employee commitment survey, and 360-degree evaluation based on management reserve course. The second level comprises tools and training – the model was integrated into the management reserve course, designated training for the developing manager, two “leadership capsules” had been published around the leadership bases. The third level comprises integration among managers – holding of workshops for the integration of the leadership model at the senior manager forum of the Bank (numbering approx. 170 managers).
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 operates in accordance with values incorporated in three layers: human, organizational and inter-personal.

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

At the beginning of 2018 a new Code of Ethics was approved at Discount Bank. 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. Following the updating of the Code, a plan for its methodical deployment was drawn up, so as to ensure that the Code would be deployed effectively within the organization.

The executive in charge of ethics at the Bank is a member of Management and – Ms. Orit Caspi, 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. 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; testing of the Code of Ethics and its modification to changing needs, both internal and external; discussing ethical issues raised by employees.

The absorption processes integrate coursework, the designated Intranet site, which contains a collection of dilemmas and extended information regarding organizational ethics, integration of ethical dilemmas with professional and managerial qualification processes, as well as examining and updating the core organizational processes in the fields of human resources, customer experience, supplier management, etc. – all in the spirit of the Code of Ethics.

The integration process of the Code of Ethics included, inter alia, in 2021, professional assistance to members of the Ethics Committee by providing tools for the identification and treatment of ethical dilemmas; a lecture on the subject of "enabling talk" regarding aspects of ethics; work with the recruitment and manning team of the Bank regarding ethical aspects in the process of admitting a new employee; and distribution of a "read and sign" document, which includes the updated Code of Ethics. In addition to regular meetings of the Ethics Committee, members of the Committee took an active part in the updating and redrafting of the Code.

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

The Ethics Committee convened six times in 2021. Two approaches to the Committee were received in 2021, which had not been classified as ethical dilemmas, and were each treated in accordance with its substance.

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

Absorption of the Code of Ethics continued during 2021, and an updated and comprehensive plan has been formed, modified to the daily challenges and confrontations of employees.

The matter of ethics is assimilated and integrated into the training of new employees, management training and diverse professional guidance. Moreover, the matter of ethics is communicated through discussions held at different managerial forums (meetings of managers, audit instructions, regional manager forum, etc.). In addition, regional ethics leaders have been appointed and a plan had been formed for discussion of dilemmas with branch employees, which began in 2022.

A reporting channel under the responsibility of the Audit was introduced and 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. Changes would be submitted for approval 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. Orit Caspi, tel.: 076-8058877, fax: 076-8890418, email: Orit.Caspi@dbank.co.il

The direct and indirect managers

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

✓ Achieved² Conducting an ethics survey for Bank employees.

✓ Achieved Building Discount’s leadership model in the spirit of Discount values.

✓ Achieved Examining the Bank’s Code of Ethics and preparing a proposal to update it, inter alia in light of the new strategic plan.

✓ Achieved Integrating ethics aspects into the core processes – acceptance process of a new employee.

Future Goals

IDB Bank

Integrating aspects of ethics into an additional process out of the human resources processes – the process of relocation to the Discount Campus.

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.

Biannual testing of the Code of Ethics.

Holding a “read and sign” procedure once a year.

ICC

Inclusion of the bribery and corruption avoidance issue in the Code of Ethics.

Distribution of the ethics courseware throughout the organization.

MDB

Integration of a plan for dilemma talks with branch employees.

Footnotes:
1 Achieved in 2021 as part of an employee experience survey.
2 The implementation began in 2020 and was completed in 2021.
3 Partially achieved due to the multiple tasks of the selected unit.
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.

Approx. 88,640 followers on Facebook
39,091 NIS MILLION the volume of credit extended to small and minute businesses
703 THOUSAND active subscribers to the online services

Policy 58
Innovation 61
Services and products for the advancement of populations 64
Promotion of accessibility 73
Financial education 77
Striving for a winning customer experience 81
Fairness in products 88
Customer privacy and information security 90
Support of customers in the wake of the Corona crisis 97
Goals 99
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.

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 will work 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-oriented organization. This will be done through a substantial and wide-ranging effort that will encompass all the Bank’s units and will lead 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.

Within the framework of this mechanism, the Bank will deploy 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 7 branches were shutdown (and teller services opened in one branch), this following the shutdown of teller services at 36 branches during 2019-2020. In 2021 the Bank closed down the Shalma Road Branch in Tel Aviv, the Ramat-Ilan Branch in Givat Shmuel, the Kiriyat Arieh Branch in Petach Tiqva, the Ramat Gan
Branch and the Kanfei Nesharim Branch in Jerusalem. In 2021, MDB closed down the Ramat Hasharon Branch, also teller services at 34 branches were shutdown, after the closing down of teller services at 11 branches in 2020.

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 2021, the branch layout of Discount Bank in Israel numbers 171 branches, 22 14 branches22 in central areas of the ultra-orthodox (Haredi) society, 36 branches23 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.

---

### Geographic distribution of Discount Bank branches

<table>
<thead>
<tr>
<th>Region</th>
<th>December 31, 2021</th>
<th>December 31, 2020*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of branches</td>
<td>Percentage of all branches</td>
</tr>
<tr>
<td>Haifa</td>
<td>11</td>
<td>11.2</td>
</tr>
<tr>
<td>North</td>
<td>10</td>
<td>10.2</td>
</tr>
<tr>
<td>Central</td>
<td>22</td>
<td>22.5</td>
</tr>
<tr>
<td>Tel Aviv</td>
<td>31</td>
<td>31.6</td>
</tr>
<tr>
<td>Jerusalem</td>
<td>13</td>
<td>13.3</td>
</tr>
<tr>
<td>South</td>
<td>10</td>
<td>10.2</td>
</tr>
<tr>
<td>Direct branch (telephonic)</td>
<td>1</td>
<td>1.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>98</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

* The distribution according to regions was changed in 2021. The data as of December 31, 2020, was reclassified accordingly.

### Geographic distribution of Mercantile Discount Bank branches

<table>
<thead>
<tr>
<th>Region</th>
<th>December 31, 2021</th>
<th>December 31, 2020*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of branches</td>
<td>Percentage of all branches</td>
</tr>
<tr>
<td>Haifa and Sharon</td>
<td>12</td>
<td>16.4</td>
</tr>
<tr>
<td>Nazareth</td>
<td>14</td>
<td>19.2</td>
</tr>
<tr>
<td>Acre</td>
<td>16</td>
<td>21.9</td>
</tr>
<tr>
<td>Tel Aviv and Central</td>
<td>16</td>
<td>21.9</td>
</tr>
<tr>
<td>Jerusalem and South</td>
<td>15</td>
<td>20.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>73</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

* The distribution according to regions was changed in 2021. The data as of December 31, 2020, was reclassified accordingly.

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22 98 Discount Bank branches and 73 Mercantile Discount Bank branches.
23 2 Discount Bank branches and 12 Mercantile Discount Bank branches.
24 2 Discount Bank branches and 34 Mercantile Discount Bank branches.
The customer service that Discount Bank operates within the framework of the sophisticated initiatives in the fintech fields is also available to MDB’s customers.

Direct channels

The year 2021 in the Digital continued to be marked by the Corona pandemic, which revalidated the activities over digital channels, emphasizing the importance of obtaining extensive information and transacting a wide selection of banking operations in an independent, simple, convenient and also secure way, which may be conducted by the customer from his home. In actual fact, activity on the digital channels has become the central track for customers.

The contents of the marketing websites have been adapted to the dynamic and varying pace of the Bank’s updates to its customers, through creating pages that provide customers with a guide as to how they can continue to easily manage their account from home.

A new mortgage website has been set up enabling customers to obtain a digital mortgage. The “One-Click Mobility” reform was launched, combining the offer of credit to a customer interested in opening an account.

Also in applications, services have been promoted that make it easier for customers to perform remote operations, such as: introduction of digital wallets; the process of depositing to a new deposit; cooperation with fintech companies.

At the business development and work plans level, new and existing processes have been added and improved in order to facilitate customer in these times and concurrently, the Bank has placed emphasis on joining new customers to the digital.

At the end of 2021, the Bank had approx. 703 thousand active subscribers to the direct channels.

At the end of 2021, MDB had approx. 217 thousand active subscribers to the direct channels.

For further details, see the 2021 Annual Report (pp. 395-400).

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

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), and has an open and flexible integration; immediate income mechanisms 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 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 for 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. In addition, within the framework of the effort made by the company to curtail waiting time in customer service, ICC had integrated over 50 versions of robotic process automation (RPA), resulting in the operational upgrading of the core processes and improvement in customer service. With an emphasis on customer service, 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.

In the midst of the digital payments revolution and within the framework of entry into the local market of digital wallets like Apple Pay and Google Pay, ICC started this year to allow its customers, users of Apple and Android, to make "Tap payments" using their cell phones by means of the digital wallets of the technology giants, after a quick and simple attachment of the card. In addition, 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 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 customers information and tools for the management of expenses in a smart and comprehensive manner.

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 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 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;
- Family loan – all-purpose loans at preferential terms for members of 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.

>> Continue from page 62

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

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;
Family loan – all-purpose loans at preferential terms for members of 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 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 small businesses 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 includes integration of innovations and the introduction of tools maintaining the differentiating value.

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
MILLION AT THE END OF 2021
BUSINESSES AMOUNTED TO NIS 39,091
BALANCE OF CREDIT EXTENDED TO SMALL
GROUP IS TO FOCUS. THE OUTSTANDING
FOCUS SEGMENTS ON WHICH THE
SEGMENT IS DEFINED AS ONE OF THE
SMALL AND MINUTE BUSINESSES
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (ESG) 2021
WEBSITE PRESENTS COMPREHENSIVE DATA
FOR BUSINESS CUSTOMERS. THE
DEALING ROOM.

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. 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.

CUSTOMERS IN A FINANCIAL CRISIS

HOUSEHOLDS AND SMALL BUSINESSES – AS PART OF THE OPERATION OF THE BANKING DIVISION’S COLLECTION CENTERS, DEBTOR TEAMS OPERATE IN COLLECTION CENTERS WITH RESPECT TO HOUSEHOLDS AND SMALL BUSINESSES, PRIOR TO EMBARKING ON LEGAL PROCEEDINGS. DURING THE CORONA CRISIS, THE TEAMS, INCLUDING THE EXTERNAL LAWYERS, HAVE BEEN DIRECTED TO TRY TO CONCLUDE PAYMENT ARRANGEMENTS WITH DEBTORS, INCLUDING FREEZING PAYMENTS IN EXISTING ARRANGEMENTS, ALL THE TIME EXERCISING FAIRNESS AND TRANSPARENCY AND WHILE DEMONSTRATING AWARENESS OF THE HARSH DIFFICULTIES THAT HOUSEHOLDS AND SMALL BUSINESSES ARE HAVING TO DEAL WITH DURING THIS PERIOD OF UNCERTAINTY;

SOLDIERS IN REGULAR MILITARY SERVICE – THE BANK’S DIRECTIVE TO THE MONITORING UNIT AND THE COLLECTION CENTERS TO UTILIZE LEGAL COLLECTION PROCEEDINGS TO THE FULLEST IN THE CASE OF THE ACCOUNTS OF SOLDIERS IN REGULAR MILITARY SERVICE, WITH SUCH ACCOUNTS USUALLY NOT BEING PASSED FOR LEGAL TREATMENT;

COMPANIES – 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, SO AS TO SIMPLIFYING THE TRANSFER OF THE CUSTOMER BETWEEN UNITS AND HELPING RECOVERY OF HIS FINANCIAL CONDITION IN THE BUSINESS UNITS HANDLING HIS CASE.

DURING THE CORONA CRISIS PERIOD, THE UNIT SUPPORTED ITS CUSTOMERS BY DEFERRING AND FREEZING THE PAYMENTS AND BY GRANTING LOANS WITHIN THE BUSINESS FUND FRAMEWORK.
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 Banking Supervision Department’s desire to promote the economic independence of women, it was decided to support the banks’ 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 and the credit card companies in Israel, the Banking Supervision Department, the shelters for female victims of violence, and social organizations.

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.

When the Bank is contacted by the shelter 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 so forth.

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.

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.

Since its inception, the Covenant has helped in solving such problems for more than 1,200 women. The Bank has dealt with requests from some 50 women, most of whom in a long-term treatment.

Calls regarding consultation and guidance were received in 2021, mostly from assistance centers, with respect to the manner of treatment and the way in which the Bank may assist. This in addition to regular calls received for help to victims of violence.

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 eighty 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. At the beginning of 2019, the deployment of “priority in line” was completed and this is also reflected in the line management system. In 2020, in light of the Corona crisis and against the background of the Voluntary Covenant to Promote a Mutual Guarantee for the Elderly, the Bank began giving priority to customers aged 70+ waiting in line.

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

The Voluntary Covenant to Promote a Mutual Guarantee for the Senior Citizens – The Corona epidemic has had a marked impact on
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 2017-2021**

<table>
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<tr>
<td>MDB</td>
<td>187</td>
<td>295</td>
<td>388</td>
<td>418</td>
<td>450</td>
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</table>


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

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.

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 2021 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.

**MDB operates 12 branches at the heart of the Haredi community.**

MDB operates 12 branches at the heart of the Haredi community. The branches are located countrywide, mostly in the Jerusalem, Bnei Brak, Ashdod and Petah Tikva 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.

**MDB was placed in the 1st place of the banks’ friendliness index for small and medium businesses for 2021, which is published by the small and medium businesses agency**

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.

**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.

**The outstanding balance of loans extended by MDB within the framework of the funds for small and medium businesses amounted at the end of 2021 to approx. NIS 2.1 billion (of which approx. NIS 1.5 billion in the corona fund)**

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 body) 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, 2021 to approx. NIS 1,720 million (2020 - approx. NIS 1,590 million). The outstanding balance of these loans stood at NIS 605 million as of December 31, 2021.

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.

A fund for the renewal and purchase of production lines – MDB had operated a designated fund in the past, which was established in 2015 in conjunction with the Manufacturers’ Association, for the purpose of granting long-term credit to Association members who wish to renew and purchase equipment and manufacturing lines. In this way the Bank contributes to the upgrading of the industry and increasing production capacity and competition. The outstanding balance of the loans by this fund amounted as of December 31, 2021 to approx. NIS 20 million (2020 - NIS 40 million). No new funds were granted by the fund in 2021.

**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 at 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 NYSDFS make IDB Bank’s CRA Performance Evaluation available to the public through their respective websites.

**Promotion of accessibility**

Approx. 20% of the population 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. Likewise, the Bank applies to 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 ATMs, 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.** For some time now, the digital revolution has resulted in the Internet and applications becoming 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, 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 accordance with Regulation 28 of the Equal Rights for People with a Disability Regulations, the Bank is committed to conducting an accessibility survey for all its properties and services in which Building, Infrastructure and Environment Accessibility adaptations or service accessibility adaptations have been made or are required, once every five years, in order to examine its compliance with the regulations and the law and to rectify any defects discovered.

The survey is performed by independent consultants. Analysis of differences found and performance of the work at the branches, as well as the management of the process is the responsibility of the Properties Wing at the Bank. The Bank started the periodic examination in 2019, and the stages of the examination comply fully with the stages of the project at the time of execution.

The aim of the Legislator is to create continuity and maintenance of all that has been executed and is required to be completed in accordance with updates and changes in legislation.

The Bank takes action to eliminate accessibility gaps, once they become known.

**Inspection of accessibility.** In June 2021, the Commissioner of Equal Rights for People with a Disability (Ministry of Justice) conducted an inspection of the Zichron Yaacov Branch, examining compliance with regulatory requirements and maintenance of accessibility. No deficiencies in accessibility were found by this inspection.

The Bank 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 ("Maslov"); 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.

**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...
Employment, and Title III, Public

offered to the public.

to physical facilities, and goods and services in the areas of employment practices, access

Private Entities. Specifically, ADA prohibits Accommodations and Services Operated by

the two that apply to banks are Title I, persons. The ADA is made up of five titles;

employment opportunities as nondisabled to public accommodations and given the same access
disabled persons be afforded the same access

Disability Act (ADA). The ADA requires that

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 activities in 2021 were linked to “World Money Week”. Within this framework, a digital activity for teenagers was conducted under the name “Taking Charge of Our Money”, which focused on increasing financial awareness, proper management of the budget and the importance of savings;

Additional workshops – Employees of MDB conduct from time to time financial education workshops for youth groups in local authorities;

“Call 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.

Financial education

The present financial world is much more complex than the one with which the public was familiar a decade or two ago, and even several years ago. The choice of financial products has become wider and the products themselves more complex. Furthermore, in view of changes in regulation, in the pension savings field in particular, the individual is increasingly required to make complex financial decisions. The public debate has widened to also become a financial debate - the growing life expectancy, 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 low interest in the market which challenges the returns on the different 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 also taken a lead in the process of financial education, in conjunction with the Association of Banks in Israel and all the banks.

A material challenge in a world that is turning more and more digital is making the content more accessible to customers in an easy and convenient way and in a language understandable by them, in accordance with age and the communication environment to which they are used. Accordingly, financial education does not remain a package of professional lectures, but requires a knowledge and data base that customers may access on their own and which would connect them with the financial, retail and business worlds and challenges that they come across.

From a holistic viewpoint of the customer’s needs at any point of time during the changing stages of life, starting with the opening of a young person account, continuing as a conscript, a student, a young family, a mature family, a person facing retirement and through to post retirement, the Bank has devised appropriate study/lecture material on the subject of financial education, in order to assist its customers in making educated decisions, and has created financial products, all of which are intended to increase its customers satisfaction.

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 initiatives 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, 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.
Focused activity is conducted from time to time in a certain area, such as the financial education week in the Haifa and Northern Region, and sometimes an activity is conducted simultaneously in several regions nationwide.

In 2022, the Supervisor of Banks focuses upon the Arab population aged 20-45, and the meetings would be held in most towns in Israel with an Arab population. A presentation in Arabic has been prepared as part of the preparations for this activity.

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.

Since 2012, the date of starting this activity, through the end of 2021, all of the Bank’s branches have participated in over 771 different events, 36 of which took place in 2021 (15 in 2020).

In 2021, against the background of the Corona epidemic and the guideline regarding social distancing on the one hand and the respite between the waves of the pandemic on the other, 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.

An activity for teenagers was planned for 2021 in partnership with the OECD. Due to the Corona pandemic, the activity was implemented in a significantly smaller scale than planned.

Internet media
Development of a designated Internet website – the Bank presents on its principal website, (“Family and financial education” under the heading of “Savings and Investments”), a broad range of content dealing with financial education, this as part of the Bank’s coverage for the family, modified to the various stages in life, and presenting life events. This begins with content for children of primary school age, continuing with middle and high school age; content regarding issues relating to servicemen; pre-enlistment, soldiers on active service and pre-demobilization; contents relating to students; budget planning, cutting back expenses, enjoyment of benefits, in between jobs; content relating to the family: us and our money, pre-nuptial, pre-childbirth, divorce; content relating to housing and mortgage issues; content relating to ongoing economic management; preparing for religious holidays and vacations, a monthly family budget, how to get out of the red, loans, deposits and savings; content relating to retirement: pension savings, preparation for imminent retirement; as well as a glossary of capital market terms, that covers numerous concepts.

In 2020, new film content was uploaded to the Bank’s website. During 2021 no changes were made in the contents.
The Bank offers a range of lectures and workshops, including:

### Lectures and workshops

**Lectures**

- **Budget management**
  - Correct financial conduct in an economically challenging period
  - An experiential lecture, presenting an image of the individual’s financial conduct and the way to improve it.
  - “It’ll be OK” – regarding our economic management culture;
  - The breaking of myths - “all inclusive vacation”;
  - Overdraft, loans and credit, management of the monthly budget - getting out of the red;
  - Couples and money, children and money, retirement age and money.

- **Economics between the business and the family**
  - A lecture to freelancers on the subject of financial conduct.

- **Know about money**
  - Lecture to youngsters in junior high and high schools.

- **Capital market**
  - The Israeli economy vis-a-vis global recovery and the low interest rate
  - A lecture describing in a light, experiential manner events taking place in capital markets in Israel and abroad and preparations to be made for a year in advance, including the economic challenges which face investors in the capital market at the present time.

- **Psycho-finance**
  - You and your finances
  - The relationship between making economic decisions and investments in the stock market, and personal psychological characteristics.

- **Real estate investments, risk or opportunity**
  - An analysis of the residential real estate market as an alternative investment, latest trends in this sector by geographic distribution, when to invest in real estate and who should.

**Workshops**

- **Capital market workshop**
  - Micro and macro, their relation to private investments and savings
  - 3 meetings, 2 subjects per meeting:
    - Meeting 1 - Macroeconomics + Bonds;
    - Meeting 2 - Mutual funds + ETN’s;
    - Meeting 3 - Shares + Psycho-finances.
  - The workshop provides participants with basic tools for understanding the financial world and becoming familiar with basic concepts of the capital market.

- **‘Mixed’ workshop**
  - Family economics;
  - Pension;
  - Capital market.

- **Seniors field - financial education**
  - Israeli economy;
  - Psycho-finances;
  - Analytical reading of the financial press.

- **Small businesses**
  - Financial instruction customized for small businesses.

- **Pension consulting**
  - Guidance regarding the pension products currently available and regarding the importance of investing for one’s pension years.

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### 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 or 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.

The Discount marketing strategy – “Discount wants you more” – which was launched in 2021 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.

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.
The Bank is performing a series of ongoing and special-purpose surveys in order to evaluate the customer experience from a specific service given received from a banker. These are made by 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 surveys measure relevant indices to the specific interaction (such as: courtesy, closing of a circle and more), as well as long-term customer experience indices (such as hypothetical market share and recommendation index).

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.

## Satisfaction Surveys performed by the Bank

<table>
<thead>
<tr>
<th>Class</th>
<th>Survey Description</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ongoing surveys</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Branches</td>
<td>After making contact with the Bank, private and business customers and customers receiving information from consultants at the branches</td>
<td>A daily survey on a permanent basis, approaching customers who have received service from a banker</td>
</tr>
<tr>
<td>TeleBank</td>
<td>TeleBank customers</td>
<td>A daily survey on a permanent basis, approaching customers who have received service from a TeleBank banker</td>
</tr>
<tr>
<td>Investment centers</td>
<td>Customers of investment centers</td>
<td>A daily survey on a permanent basis, approaching customers who have received service from a center</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>Private banking customers</td>
<td>A daily survey on a permanent basis, approaching customers who have received service from a center</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>Business center customers</td>
<td>A daily survey on a permanent basis, approaching customers who have received service from a center</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>Browsing on the Bank’s application</td>
<td>A special-purpose survey</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>Browsing on the Bank’s Internet website</td>
<td>A special-purpose survey</td>
</tr>
<tr>
<td>Customer interface experience</td>
<td>Customers of the five largest banks</td>
<td>A special-purpose survey</td>
</tr>
<tr>
<td><em>Market</em> survey; customer experience - post contact</td>
<td>Customers of the five largest banks who have had contact with the Bank</td>
<td>A special-purpose survey</td>
</tr>
<tr>
<td><em>Market</em> survey; customer experience</td>
<td>Business customers of all the banks</td>
<td>A special-purpose survey</td>
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</table>

## Integration of service values in the organizational culture

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

- **Official Facebook page of Discount Bank** – As of the end of 2021 the Bank’s Facebook page had approx. 88,640 followers. 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 166,480 followers. The Facebook page constitutes an additional 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.

- **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. 14,000 followers on Instagram.

- **Social network at ICC** – ICC has a Facebook page with some 166,480 followers. The Facebook page constitutes an additional 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.

- **Twitter account** – Discount Invest – The Bank is active on the Twitter social network under the hashtag “Discount Invest”. On this account, the Bank publishes information regarding market data (in Israel and abroad), economic and capital market reviews by experts on behalf of the Bank and other practical information for the benefit of customers;

- **Official YouTube channel** – The Bank operates on the YouTube channel to which it uploads campaigns and instructional video clips of ICC and Diners. The channel has some 15,000 subscribers.
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 action. 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.

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 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.

In 2021, the Bank dealt with 4,226 inquiries, compared to 3,284 inquiries in 2020. 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 the telephone and 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 senior employee in the Service Department responds to the person who provided the feedback.

IDB Bank

IDB Bank prides itself on the quality of care it provide 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.

In 2021, the bank received a total of nine complaints: four complaints were due to misunderstandings between the customer and bank, complaints were due to system issues; two complaints were due to customer errors; two complaint relates to bank employee human error; and one complaint was related to vendor error. No complaint trend was identified.

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

At MDB, the ratio of complaints found to be justified in 2021 stood at 18% (of complaints, in respect of which position could be formed), compared to 15.7% in 2020. At ICC, the ratio of complaints found to be justified in 2021 stood at 28.0%, compared to 24.9% in 2020. For further details, see the appendices in the “Conclusion” Chapter below.

<table>
<thead>
<tr>
<th>ICC - Average scores of customers satisfaction survey</th>
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<tbody>
<tr>
<td>On a scale of 1 to 4, with 4 denoting “excellent”</td>
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<tr>
<td>PRIVATE CUSTOMERS</td>
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<tr>
<td>TRADING HOUSES</td>
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</table>
In 2021, no significant fines and/or non-monetary sanctions were imposed on the Bank.
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;
- Available on the English language website is information regarding the financial activity of customers, alert notices and important updates;
- 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, English, Arabic and Russian. It is possible to obtain Telebank services also in the Arabic language;
- ATMs provide guidance in 4 languages: Hebrew, Arabic, Russian and English;
- 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;
- Available on the English language website is information regarding the financial activity of customers, alert notices and important updates;
- 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);
- 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; and
- 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.

Customer privacy and information security

- The importance of maintaining and protecting reliability, strength, availability and survival of information technology is ever growing in view of the enormous technological development in recent years and its implications for the Bank, in view of the cyber threats, which are growing in severity and frequency, and in view of the marked growth of the use of information technology products compared with human-operated products. Therefore, the Bank views the protection and safety of information as a central goal and invests considerable resources in protecting the information in its possession.

The Bank stringently adopts an array of actions and measures for safeguarding customer 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 provisions of the law and the regulations promulgated thereunder.

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. 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 subsidiaries have adopted a similar policy, in line with their activities.

The Bank conducts risk-based training sessions for relevant parties of the Bank on the topic of privacy protection.

In 2019, the Bank appointed for the first time an officer in charge of privacy protection at the Bank.

>> Continue on page 92

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 2021 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.

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 (GTP), 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. Adaptation is also made to the “language” used by the Haredi community.
The work paper integrates the attitudes of the business factor and of data protection, and according to these attitudes the officer in charge of privacy protection advises the Database Manager, who then can take an intelligent decision as to whether information under his responsibility may be disclosed outside the Bank.

Work procedure for the officer in charge of privacy protection – Procedures have been published regularizing the work of the officer in charge of privacy protection;

Candidate privacy policy – A policy regarding the privacy of 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 positively approve it prior to providing his Curriculum Vitae (CV) and other particulars regarding him;

Learning – Learning in the matter of privacy protection was published to all Bank employees in June 2021. The learning relates to material issues in this field, such as: confidentiality, use of data, rights of data owners, reporting a serious protection event and disclosure of information.

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

During 2021, following complaints, 8 instances were examined where employees had viewed the accounts of relatives and/or had acted in some way on the accounts of relatives where they had no authority to do so.

In February 2021, the Internal Audit performed a special across-the-board audit in the matter of unauthorized observation and transactions regarding accounts of persons related to Bank employees. Punitive action was taken against all sixty-nine employees identified as having committed such actions.

In light of the relatively large number of instances, the Bank’s Management decided upon a series of measures:

- Increasing the severity of the punishment regarding this topic;
- Communicating with employees;
- Holding a morning meeting at all the branches dedicated to this topic (a manager’s kit has been prepared for this meeting);
- Distributing an information booklet by the Internal Auditor Division;
- Including relevant articles in the Daily Diary.

An additional designated audit made in November 2021, showed a significant decline in this matter.

At MDBC, control over employee bank accounts is proper. No complaints were received in 2021 by Internal Audit in the matter of bank confidentiality.

In 2021, ICC received and treated one complaint which was found justified - regarding privacy protection.

No complaints were received by the audit at IDB Bank in 2021 concerning breaches of customer privacy and losses of customer data.

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.

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 regarding the PayBox payment application, a failure, which, as argued by the plaintiffs, caused them damage.

The amounts of the claims in respect of 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.

On March 4, 2020, the Bank filed motions in all the cases of motions for approval, whereby the Court was asked to use its authority to order the dismissal of three of the four motions for approval. A consolidated motion was filed on August 23, 2021, in one case, and on August 29, 2021, the three motions in the other cases were erased. The Bank submitted its response to the combined motion for approval on April 3, 2022. The case is fixed for a pre-trial hearing on January 19, 2023.

On May 11, 2020, a claim brief and a petition for its approval as a class action were filed against the Bank and against two other banks, at the Tel Aviv District Court. The petitioner alleges that the Bank has breached its duty of banking confidentiality in that it has granted international corporations, such as Facebook and Google, access to its digital platforms and is allowing them to gather private information regarding customers. It is alleged that the banks have made a bargain with these international data corporations whereby they have received cheap and effective tools in return to causing damage to customer privacy. As alleged by the petitioner, the Bank’s different documents have been drafted in an all-embracing and sweeping fashion without providing any explanation to customers regarding the nature of

Since 2019 to date, infrastructures for the management of privacy protection risk have been instituted, as detailed hereunder:

Privacy protection risk management policy – a risk management policy has been formed defining 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 paper was approved by the Bank’s Board of Directors on March 15, 2021;

Information outflow route from the Bank – A work process has been formed to be followed prior to providing information from the Bank’s database to outside entities. The work paper integrates the attitudes of the Bank and at its principal subsidiaries. The survey did not identify any material findings.
The petitioners have stated that the amount of the damage caused to all the class action members cannot be assessed. The Bank submitted its response on February 14, 2021, and the responses by the Appellants were submitted on June 27, 2021. In the hearing held on July 15, 2021, the Court fixed dates for submission of argument briefs with respect to the motion by the banks for the deletion of items included in the response by the Appellants (“motion for deletion”). It was also stated that following a decision in the matter of the motion for deletion, the argument briefs would be delivered to the Regulator, in order to obtain his position in this case. On August 30, 2021, the banks filed a motion for the deletion of items from the response brief of the Appellants. In the period from August to December 2021, the parties submitted their objections regarding the motion for dismissal. No decision has yet been given. For details of a motion for approval of an action as a class action involving a similar issue, filed against ICC and additional Respondents, 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.

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 provide to third parties, and to Google and to its advertising services in particular, private, personal and confidential data regarding their customers who are making use of the digital services of the Respondents, or who had done so during the seven years prior to the date of filing the action, without obtaining the consent of the said customers, thus damaging their rights to privacy while violating the duties imposed on the Respondents in accordance with the law.

The damage caused to the class, 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 in respect of non-monetary damage, and NIS 1,000 in respect of the monetary damage.

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.

For further details, see the document, “Disclosure according to the third pillar of Basel and additional information regarding risks”, published together with the 2021 Annual Report (pp. 95-98).

In 2021, 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.

Protection of the Bank’s websites

The Bank operates a data protection center that operates continuously throughout the year (24 hours round the clock, 365 days a year), the objective of which is to prevent unauthorized access, 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 websites or its customers (by means of imitation sites). Furthermore, within the framework of the internal audit, a department operates in the IT field, performing ongoing audits of such subjects. The Bank’s operational sites, which provide service to customers over the Internet, 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 data protection center.

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.
Customer privacy at ICC

Beyond processes mentioned, ICC is devoting considerable efforts to everything related to the protection of customer privacy. Included in this, an enforcement plan regarding privacy protection was formed in 2017, with the assistance of a Law Office specializing in this field.

During the year 2019, ICC 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, which monitors all developments in this framework. The deficiencies identified within the framework of the survey have been treated.

As a general rule, activities involving questions arising from data 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, 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 etc.

Data protection and cyber defense activities are implemented in accordance with the strategic plan, as approved by the Bank’s management and Board of Directors.

The development and maintenance of systems and projects are closely accompanied by professional mentors.

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, 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 takes ongoing action to raise awareness and to improve the organizational culture from the aspect of data protection, which among other things includes training, publication of policy documents, manifest and marketing tools. The Bank has established in procedures most of its operations and processes, and the data protection unit 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.

Mitigating the exposure to cyber risk through purchasing insurance. See the document, “Disclosure according to the third pillar of Basel and additional information regarding risks”, published together with the 2021 Annual Report (p. 90).

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 manager.

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

Support of customers in the wake of the Corona crisis

General

Since the beginning of the Corona crisis, the Bank has made preparations in order to assist its customers in facing the economic uncertainty and overcome the crisis. For additional details, see the 2021 Annual Report (p. 55).

Support of customers of the small and minute businesses segment

Assistance in the confrontation of customers with the crisis was provided in 2021 within the framework of the loan Fund for small and medium businesses guaranteed by the State, as detailed below. With the aim of providing further assistance to businesses, two possibilities had been added as relief for the repayment of the “Corona Fund” loans:

- Extension of the maximum period for repayment of the credit – possibility of changing the repayment period of existing loans granted for a period of up to five (5) years, by extending them to a period of up to ten years (until October 31, 2021), the Bank had been allowed to prolong the period of State guaranteed loans for up to ten years. Starting on November 1, 2021, the Bank is required to obtain the approval of the State;

- An additional grace period of up to twelve months – the Bank may extend the grace period for the repayment of the principal sum of the loan for an additional period of up to twelve months, so that the overall period for the repayment of the principal sum would be deferred to a period identical with the additional grace period.

Small and Medium Businesses Assistance Fund guaranteed by the State. The State of Israel by means of the Accountant General at the Ministry of Finance has established a Business Assistance Fund helping businesses to confront the spread of the Corona virus. The State guarantees 85% of each single loan granted in the framework of the Fund, provided that the total amount of the guarantees is limited to a rate of 15% of the total loans extended by a bank within this framework. The Fund grants loans under beneficial terms and in accordance with rules determined by the State.

All the banks within the banking system participate in this Fund. The Bank and MDB have received a NIS 4,028 million allocation from the Fund. Through December 31, 2021, the two banks approved 10,245 loans, in a total amount of NIS 3,395 million. Very few loans were set up in the second half of 2021.

A Fund for businesses having intensified risk. On June 21, 2020, the government decided to provide assistance from the State to businesses in Israel, which are being rated at a higher risk level than that typifying businesses which obtain loans from the Bank within the framework of the existing channel, and to add a “intensified channel” Fund. In the intensified channel, the State guarantee is divided into two layers, the total amount of the guarantee being limited to a cumulative rate of 60% of total loans extended by the Bank in this intensified channel. In the first layer, a rate of 85% of each single loan extended within the framework of the fund, but the total amount of the guarantee is limited to up to a rate of 15% of total loans extended by the Bank in this framework. In the second layer, in respect of that part exceeding 15%, as stated, the guarantee of the State amounts to 95%.

The Bank and MDB were allotted by the Fund an amount of NIS 334 million. Until December 31, 2021, the two banks approved 423 loans out of the Fund, which amounted to NIS 199 million. No new loans were granted from resources of the Fund in the second half of 2021.
Support of customers of the large business segment

For details regarding the steps led by the Bank in the large business segment and in the middle market banking segment, see the 2021 Annual Report (p. 58).

Large businesses fund guaranteed by the State. The State of Israel, via the Accountant General at the Ministry of Finance has established a support fund for large businesses hit by the Corona crisis, and which comply with the terms determined by the State, including an annual business turnover exceeding NIS 200 million and employing over one-hundred workers in Israel. The State guarantees 75% of each individual loan extended within the framework of the fund, however, the total amount of guarantees is limited to up to 12% of the total amount of the loans granted by the Bank within this framework. The loans granted by the fund are in accordance with the rules determined by the State. Each single loan is limited in amount to 8% of the turnover of the business and to not more than NIS 100 million.

Additional banks in the banking system participate in the fund. Discount Bank was allocated an amount of NIS 450 million within the framework of the fund. Until December 31, 2021, the Bank had approved 8 loans in a total amount of NIS 255 million.

Assistance to borrowers in light of the fifth wave’s restrictions. Further to the government’s announcement regarding an assistance package designated for the tourism sector and an additional two months’ extension to the State-guaranteed loan fund, the Banking Supervision Department issued a letter on December 29, 2021 in which it was stated that the Department attaches considerable importance to the banking corporations assisting their customers and to their continuing to act proactively and prudently in order to strengthen borrowers that are unable or that might be unable to meet their contractual commitments. Such action can be taken by the banking corporations utilizing their own resources and/or by utilizing funds from the State-guaranteed loan fund.

Debts whose terms have been changed within the framework of coping with the Corona virus

During the crisis and through December 31, 2021, the Bank and MDB had approved loan payment deferrals in a scope of NIS 13,262 million, of which housing loans accounted for NIS 7,412 million (December 31, 2020: NIS 17,688 million and NIS 2,527 million, respectively).

ICC

Customized solutions for small and medium businesses – the Corona crisis intensified the financial challenge for small and medium business owners and, in order to provide a response to the restrictions of the period, ICC adapted its services and launched products to assist the business continuity of the trading houses:

TraffiCal – a service that enables small and medium businesses to receive a precise and focused customer marketing campaign, which makes use of analysis capabilities and smart data processing, thereby increasing the scope of traffic and purchases at the trading house. In order to assist in coping with the chronic problems resulting from the Corona crisis, trading houses can contact ICC as part of the service and can define the “business pain” points and challenges they are confronting (low customer traffic, “dead hours”, small shopping baskets, etc.). TraffiCal also enables the trading houses to grant marketing benefits that can be sent in a focused campaign to those customers who are relevant to the trading house and who are holders of ICC cards. The campaign is conducted over personal communication channels.

Cal-Commerce – the guide to become part of the e-commerce world. The guide contains all the tools needed to build a business website and for its daily management. The Corona crisis gave a boost to the e-commerce world and brought about a change in consumer habits that require small and medium business owners to join the e-commerce world. ICC’s guide is a series of training episodes filmed in cooperation with content experts who explain in simple and accessible language how to establish an online store.

Online store – this service is for the trading house to set up an online store for the purpose of enlarging its customer base and preserving the business continuity of the business – even in emergency situations. ICC provided its business customers, small and medium business owners, with the benefit of joining the service of setting up a business website at no cost and managing it for three months.

State-guaranteed business loan fund – ICC has signed on to the state-guaranteed business loan fund which provides funding for businesses that have run into cash-flow difficulties during the Corona crisis.

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<td>The addition to Telebank of an interactive voice response system (IVR) in the Arabic language.</td>
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## THE EMPLOYEES

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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, expressed as a basis for the organization’s empowerment and growth.

- **8,899** employees at Discount Group
- **5,044** employees at Discount Bank
- **43.7** average age of Discount Bank’s employee
- **13.7 years** average seniority at Discount Bank
- **58%** of Discount Bank’s employees have academic education
- **52%** women in management positions
**The Employees**

It is important to us to take pride in our workplace and we therefore promote 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, expressed 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, etc.

### Main developments during 2021

**Employee experience review.** An employee experience review was first introduced by the Bank in the first quarter of 2021. In the second quarter, the findings of the review were analyzed at Bank, division and manager levels, areas focused for improvement were chosen and work plans were constructed. The implementation of work plans for dealing with the findings started in the third and fourth quarters, such as: holding of round-table discussions with employees by members of Management, meetings with new employees, holding forums of middle level managers and more.

**A new leadership model.** In the first quarter of 2021, in a festive gathering, the leadership model was introduced which defines a set of conduct expected from managers. Three integration levels have been defined: integration in processes, training and tools, and integration by managers. The Model was integrated in organizational processes, such as: employee evaluation process, employee experience review, management courses and more. Analysis of the data collected by these processes enables the Bank to focus on areas requiring improvement. The process of integration with respect to members of the senior Forum started in August 2021, by means of study and discussion groups.

**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.

**Signing of collective labor agreements.** In December 2021, following prolonged negotiations with the employees representative committee, several significant collective labor agreements were signed, relating to labor relations at the Bank, including: extension of validity of the Labor Charter and the changes made therein; a wage and awards agreement for a period of three years; and the transfer to the Discount Campus location. For additional details, see below “Labor relations” and in the 2021 Annual Report (pp.21-22).

**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 channels (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.

In 2021, 74% of the managerial positions were manned by Bank employees. 34% of the professional positions (which do not comprise of teller positions, service teams or telephonic banking, which are not intended
Nurturing the human capital at the principal subsidiaries in Israel

MDB

As is the case for Discount Bank, MDB promotes a people-oriented 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.

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 2021 was marked by good and respectful labor relations that are based on attentiveness and cooperation, while maintaining industrial peace, while, during the course thereof, negotiations were held with the employees representative committee with regard to extending the validity of the Labor Charter, salaries and awards and the redemption of Jubilee payments for entitled employees, as well as with regard to the matter of the move to the Discount Campus in Rishon Lezion. The negotiations ended on December 23, 2021, with the signing of four collective agreements regarding the above matters.

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. 65.7% of all the Bank’s employees, who are not employed by external parties.

In addition, it is prescribed in a collective agreements 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, 2021, the Bank engaged 4,893 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, 4,221 are “tenured” employees having the status of "steady" and status of "temporary", whose employment is regulated by collective agreements, constituting approx. 86.3% of total employees. After deducting the number of workers employed by the external entities, the number of employees stands at 4,452 and the ratio of employees whose employment is regulated by collective agreements reaches approx. 94.8%.

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.

Wage agreement. On December 23, 2021, a wage agreement was signed with the Employees Representative Committee, for a 3-year period, through December 31, 2024. The agreement includes differential salary increases for clerk grade employees, while managerial grade employees will receive an annual percentage salary increase based on ROE. In addition, the agreement includes the payment of various awards, including annual ROE-based bonuses, an award for the employees consenting to transfer to the Discount Campus and an additional award for the employees consenting to the changes made to the Bank’s Labor Charter. The agreement also includes the updating of salary ceilings for second generation employees.

23 102-41.
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 2021 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 NIS 34.71 per hour, in December 2021. The starting wage of most employees earning a monthly wage in a temporary status amounted to approx. NIS 6,500 per month, in December 2021.

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, recently published 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.

The Bank has conducted an in-depth and extensive examination of the payroll data at the Bank and, upon its conclusion, the picture that was revealed showed a positive situation that presented narrow pay gaps between men and women. An analysis of the data shows that the weighted average gap for all the categories stood at 3.25% in favor of men. In addition, looking at the 61 categories that appear in the report, the vast majority of the male and female employees of the Bank belong to categories where the pay gap in favor of men or in favor of women is lower than 10%

The full report appears on the Bank’s website. The details are also presented in Chapter 10 below.

Despite the positive data, the report reveals that additional steps are required to narrow the existing gaps. The Bank’s Management takes it upon itself to deal, on a specific basis, with the highest pay gaps that are not due to legitimate reasons, such as length of employment, experience, education, training, and the like. In addition, the Bank’s Management will work vigorously to deploy mechanisms that facilitate the advancement and maintenance of fair pay.

The Employees of the Bank and the principal subsidiaries

Employees of the Bank and the principal subsidiaries by gender as of December 31, 2021

<table>
<thead>
<tr>
<th></th>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>61%</td>
<td>39%</td>
</tr>
</tbody>
</table>

The Employees

Discount’s employees

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Temporary employees</th>
<th>Tenured employees</th>
<th>Outsourcing</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>1,418</td>
<td>1,643</td>
<td>3,642</td>
<td>6,703</td>
</tr>
<tr>
<td>2020</td>
<td>1,397</td>
<td>1,717</td>
<td>3,055</td>
<td>6,169</td>
</tr>
<tr>
<td>2021</td>
<td>1,405</td>
<td>1,736</td>
<td>3,147</td>
<td>6,388</td>
</tr>
</tbody>
</table>

Notes:
1. 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.
2. The data includes employees on unpaid leave and on maternity leave.
3. The data does not include employees on unpaid leave or on maternity leave.
4. Including software houses and workers engaged in the TeledBank service centers.
5. 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.
6. Tenured employees - the employment terms of such employees are regulated in the Labor Charter, special collective agreements and various employment arrangements.
7. Temporary employees - the employment terms of such employees are regulated in the Labor Charter, special collective agreements and various employment arrangements.
8. 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 2021 Annual Report (pp. 352-354).
**Academic education**

<table>
<thead>
<tr>
<th></th>
<th>Discount Bank</th>
<th>MDB</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>December 31,</td>
<td></td>
</tr>
<tr>
<td>The percentage of academics within the total number of employees</td>
<td>58%</td>
<td>61.4%</td>
</tr>
<tr>
<td>The percentage of academics within the total number of managers</td>
<td>90%</td>
<td>89.6%</td>
</tr>
<tr>
<td>The percentage of academics within the total number of clerical staff</td>
<td>51%</td>
<td>55.0%</td>
</tr>
<tr>
<td>The percentage of academics within the total number of female employees</td>
<td>56%</td>
<td>60.3%</td>
</tr>
<tr>
<td>The percentage of academics within the total number of male employees</td>
<td>61%</td>
<td>63.3%</td>
</tr>
</tbody>
</table>

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**

<table>
<thead>
<tr>
<th></th>
<th>Discount Bank</th>
<th>MDB</th>
<th>ICC</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>December 31,</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2021</td>
<td>2021</td>
<td>2021</td>
</tr>
<tr>
<td>Average age</td>
<td>43.7</td>
<td>44.6</td>
<td>36.0</td>
</tr>
<tr>
<td>Average seniority</td>
<td>13.7</td>
<td>15.3</td>
<td>8.7</td>
</tr>
</tbody>
</table>

**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 rate of workers employed under collective labor agreements in MDB as of December 31, 2021 amounted to 98.6%.

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, 2021 was 98.6%.

**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 accord:

- 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 of 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 at least 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.25

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.

**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 credit representatives, work on rest days specified in the Hours of Work and Rest Act, 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.26

The starting wages at the principal subsidiaries in Israel

**MDB**

The starting wage payable to most temporary new employees in 2021 was NIS 39.40 per hour. The minimum pay for redundancy pay provisions of a new employee amounted to NIS 6,500 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 line with 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.

The Equal Pay Act was recently 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.

**ICC**

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.

As seen from a review performed in accordance with the Equal Wage to a Male and Female Employee Act, 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.

In 2021, the Bank put an emphasis on the diversification world, significant work was performed and the matter was defined as strategic 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 within the framework of the Bank’s operations in the following years, 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;
- Meetings with a representative from the Equal Employment Opportunities Commission regarding the construction of a mapping and measurement system;
- Defining quantitative goals to increase diversity in 2022.

In 2021, meetings and collaborations took place with many organizations, such as: Co-Impact, Al Fanar (Ryan Center), Shikum Acher (Alternative Rehabilitation), Beit Issie Shapiro, Tech-Career, Sprint for the Future, an Association for the Placement of Immigrants from France – Recrutement Interimaire en Israel, government opportunity centers, Maof, and Tsopen.

It is noted that in 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.

Employing workers 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 has started to cooperate with the initiative “ Collective impact” - which aims at encouraging the employment of persons belonging to the Arab sector and their progress. An in-depth diagnosis was conducted in 2018 by representatives of the initiative at the Bank's Nesher Call Center.

In accordance with the outcome of the diagnosis, the Bank acted in 2019 towards implementing its conclusions, mostly in the Nesher TeleBank unit. In the beginning the Bank focused on assisting with recruitment, and afterwards emphasis was on working with managers, building an inclusive and diverse work environment, improving management skills and conferring tools.

Guidance courses were held in 2021 for human resources managers with respect to diverse and inclusive culture. An in-depth and significant move began at the end of 2021, in cooperation with the Commissioner for Equal Rights, Co-Impact and additional associations connected to the encouragement of employment of persons belonging to the under-represented population.

Employing persons from the ultra-orthodox (Haredi) society

In 2013 the Bank established a unique team of women from the Haredi sector was. The team was established within the framework of Discount Bank's TeleBank at the Rishon Lezion extension, and it is engaged in providing response by phone and over the digital communication channels to all Bank customers regarding diverse banking matters. Most of the candidates have no prior employment background or experience. They are being trained in banking matters, including training regarding a computerized work environment, and integrate into employment at the call center.

This measure involved making adjustments to create a work environment suitable for the Haredi women and included working in cooperation with a rabbi, who instructed the Bank, inter alia, as regards preparing offices and work areas suitable for the needs of women from the Haredi society, finding solutions for mothers with young children and providing transportation from and to their place of residence, so as to enable them to collect their children from educational institutions. At the end of 2021, the team numbered 14 employees and was headed by a female Haredi employee. It should be noted, that during the years a number of female employees from among the team have been promoted to other positions within the framework of TeleBank (such as: seniors team, written approaches team, compliance, Internet support center, the mortgage center and recruitment and preservation center).

Employing persons in peripheral areas

As part of the encouragement of employment in peripheral areas, during 2016, the Bank established a call center in Nesher, which has taken on employees from the various sectors – Jews, Muslims, Druze and Christians. In 2017, the operations of the TeleBank call center in Nesher were considerably enlarged; today, the Nesher extension is the main TeleBank extension which numbered, as at December 31, 2021, 188 employees, of whom approx. 29% come from the Arab society (as at December 31, 2020, 159 employees, of whom approx. 25% came from the Arab society). All employees of the various sectors progress on TeleBank’s development paths and together form a diverse mix in the work teams and in the professional and managerial echelon.

In 2022 we are taking a lead in 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 under-represented in the labor market, through advancing a culture of inclusivity and tolerance.
During the last quarter of 2017, the Bank began transferring a part of the telephonic banking operations to outsourcing basis, with the scope of the operations conducted in peripheral areas being defined as one of the significant considerations for choosing the companies participating in the project.

In May 2018, an operations center was inaugurated in Dimona, and in September 2018 a call center was opened in Kiriat-Gat. As of the end of 2021, some 106 outsourcing workers, which were full trained for banking positions, had been integrated into activity in centers in the periphery.

In 2021, two collaborations took place that were aimed at expanding recruitment from the Arab sector:

- In January, a joint recruitment venture took place with Co-Impact – “Meet-Up Impact”, during which an online recruitment meeting took place on Facebook. One of the counselors at the Nesher Center presented the job opportunity and answered the candidates’ questions.
- In November, an engagement was made with the Ryan Center, which specializes in employment placements for the Druze community. Jointly with the Department of Employment Opportunities Commission to conduct a count of populations defined as underrepresented in the Israeli society and integrates the employees from all sectors, religions and ethnic groups, of all ages, in the workplace. As a result, the Telebank Management applies measures that will advance interaction and acceptance between all sectors by means of unique training, adaptation of goals and assignments in accordance with the strengths and abilities of the group members, and honoring designated ceremonies. In addition, the Holidays of all religions are marked from a multi-sector perception, which is reflected in enjoying Chanukah alongside Christmas, celebrating Passover alongside Easter, marking the month of Ramadan.

Multicultural environment

- TeleBank reflects the micro-cosmos of Israeli society and integrates employees from all sectors, religions and ethnic groups, of all ages, in the workplace. As a result, the Telebank Management applies measures that will advance interaction and acceptance between all sectors by means of unique training, adaptation of goals and assignments in accordance with the strengths and abilities of the group members, and honoring designated ceremonies. In addition, the Holidays of all religions are marked from a multi-sector perception, which is reflected in enjoying Chanukah alongside Christmas, celebrating Passover alongside Easter, marking the month of Ramadan.

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 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 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 – the estimate stated below is based on the number of employees electing to take their vacations on Moslem, Christian, Druze and Cherkess holidays.
  - The Haredi society (ultra-orthodox Jews) – there is no clear definition of the term “Haredi”. Many Bank employees maintain the Jewish tradition to one degree or another and a number of them would definitely define themselves as “Haredi”. Therefore, Discount Bank and MDB have no data in this respect.

Persons with a disability – the estimate stated below is 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.

Ethiopian descent – the reported estimate is based on the number of employees who had elected to voluntary state their country of origin.

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 2021, one claim was filed against the Bank on the grounds, among other causes, of discrimination by virtue of the Equal Rights for Persons with a Disability Act. The claim was resolved in a mediation settlement, which included payment of the balance of severance pay.

No actions claiming discrimination were filed in 2021 against ICC or against MDB.
Environment, Social and Governance Report (ESG) 2021

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, Kfar 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. In 2021, meetings have been held with representatives from “Equal Employment” to get advice, assistance and training in furthering the process of recruitment and employment of employees 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 the Ashdod region, 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 2021, the centers had a staff of 380 employees (compared to 240 employees at the end of 2020).

**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 sections 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 any (1) 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.

**Breakdown of employees from populations underrepresented in the labor market**

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2021</th>
<th>December 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MDB</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clerks</td>
<td>336</td>
<td>329</td>
</tr>
<tr>
<td>Managers</td>
<td>126</td>
<td>119</td>
</tr>
<tr>
<td>Total</td>
<td>462</td>
<td>448</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2021</th>
<th>December 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ICC</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clerks</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Managers</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>4</td>
<td>6</td>
</tr>
</tbody>
</table>

**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.
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 also includes emphasizing and explaining issues relating to sexual harassment when working from home. The software 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 2021, five complaints alleging sexual harassment were investigated – four of these by the person responsible for this sphere at the Bank and one by an external investigator. In one of the instances, a complaint was not filed, and the incident was passed on for further disciplinary action. In three 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. 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. In one instance, sexual harassment was found to have occurred and the employee’s employment with the Bank was terminated in accordance with the law.

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”, “steady” 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 employee the opportunity for stating in full their counter-claims, and following serious consideration of each case by the Bank.

Data regarding the retirement of employees

<table>
<thead>
<tr>
<th>Total number of retired employees</th>
<th>Of which: number of early retirement employees</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Discount Bank</strong></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>145</td>
</tr>
<tr>
<td>2020</td>
<td>520</td>
</tr>
<tr>
<td>2019</td>
<td>125</td>
</tr>
<tr>
<td><strong>MDB</strong></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>47</td>
</tr>
<tr>
<td>2020</td>
<td>91</td>
</tr>
<tr>
<td>2019</td>
<td>20</td>
</tr>
<tr>
<td><strong>ICC</strong></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>7</td>
</tr>
<tr>
<td>2020</td>
<td>41</td>
</tr>
<tr>
<td>2019</td>
<td>5</td>
</tr>
</tbody>
</table>

* 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 2021, some 419 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 and H to the 2021 Annual Report (pp. 2111-2112, 222-223).

Employee claims relating to labor relations

In 2021, Bank employees and former Bank employees filed with the Labor Court five actions against the Bank relating to labor laws.

Three claims are still pending at the Labor Tribunal. One claim was concluded by being withdrawn by the plaintiff and another ended in a mediation settlement.

In addition, three proceedings, which had commenced in previous years, were concluded in 2021. One claim was concluded in a compromise arrangement and two claims were rejected by the Tribunal, with the plaintiffs being ordered to pay the legal costs.

Employee remuneration

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’ remuneration 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 remuneration (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 respect of 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 remuneration, discretion exists regarding the remuneration 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).

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 33.3% 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 being paid in full in respect of absence on their own religious holidays.

For additional details regarding “remuneration”, 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. 112-119).
Special remuneration 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.

Awards to employees and managers in 2021

With respect to 2021, the Board of Directors has approved the distribution of a return-dependent award for all the Bank's employees, at an average level of two 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 2021, see the 2021 Annual Report (p. 314, section F). For details regarding the bonuses to the officers with respect to 2021, see the 2021 Annual Report (p. 222, section 8).

Senior Officers group

The ratios shown in the above table are based on the remuneration 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, jubilee awards and expenses for pension terms. In addition, in 2021, the mean cost also includes the average additional cost that arose due to the redemption of the Bank’s liability for jubilee awards.

Work on days of rest

In accordance with the Working Hours and Rest Act, 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.

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### The ratio between the average cost of remuneration of the senior officer group and the mean cost and average cost of remuneration of all employees

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount Bank</td>
<td>7.67 times</td>
<td>7.25 times</td>
<td>8.72 times</td>
</tr>
<tr>
<td>MDB</td>
<td>6.20 times</td>
<td>4.32 times</td>
<td>4.62 times</td>
</tr>
<tr>
<td>ICC</td>
<td>8.52 times</td>
<td>5.94 times</td>
<td>6.29 times</td>
</tr>
</tbody>
</table>

Notes:
1. Chairman of the Board, President & CEO, members of Management, Internal Auditor.
2. For the remainder of the employees and contract workers.
The Employees

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 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.

Four allegations of sexual harassment were investigated in 2021, none of which resulted in an official complaint. A superior-subordinate relationship was involved in none 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 2021 no retirement workshops were conducted at MDB (79 employees and their partners participated in preparation for retirement workshops in 2020).

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

No actions were filed against MDB or against ICC by employees in 2021.

Employee remuneration 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 remuneration at MDB see “Disclosure according to the third pillar of Basel and additional information regarding risks - additional disclosure as of December 31, 2021” (pp. 107-114 of the Hebrew version). This report is available for perusal on MDB’s website.

For details regarding the remuneration plan for the President & CEO of ICC, its employees and managers, see the 2021 Annual Report of the company (pp. 151-153) and the "Additional disclosure according to Pillar 3 of Basel" – 2021 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 2021 in the principal subsidiaries

MDB

The award in respect of the year 2019 equaled 1.5 times the average salary . The award was paid in 2020, as follows: 0.50 times the salary, which constitutes a fixed component, was paid in April 2020. The balance - a differential component, an average of 1.00 salary - was paid later in June 2020. An award was not paid for 2020.

ICC

ICC paid an annual bonus for 2021 to its employees and managers in accordance with the remuneration policy approved by the board of directors. With respect to 2021, the bonus was paid to all the employees and managers, including officers.
**Investing more in employees**  
**Human resources development**

**Main measures in 2021**

- 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 2021, the Bank’s human resources development focused on two axes: the first, learning and development – focusing on improving qualifications, providing tools for coping with the new labor market 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 there was further expansion in elective learning, aimed at enhancing the core organizational qualifications, further deployment of a learning culture and stimulating a curiosity for learning, which will assist in maintaining the employability of the participating employees. The rates of employee participation in learning rose to 76% (compared to 54% and 68% in 2020 and 2019, respectively) and the average learning “touches” per employee, excluding compulsory cross-organizational regulatory content, rose to 2.9 (compared to 1.8 and 2 in 2020 and 2019, respectively).

**Managers’ development programs.** The main focus in 2021 was the deployment of a leadership model in all training arenas and managers’ development programs.

- Two courses of the “Future Management” program took place. This is a new course based on leadership fundamentals in which diverse and innovative learning platforms are integrated. The course was taken by 63 managers.

- Numerous and diverse training sessions were held for managers and emphasis was placed on employee development and motivation and leading change. In addition, basic training sessions were held in management for team leaders, team development and assistance and counseling, 95 managers in various positions participated in these sessions.

- In 2021, a leadership complex was launched where tools, articles and videos are presented on the topic of leadership fundamentals and more. In addition, leadership capsules have been developed – consisting of simple, focused management tools for the manager, with the aim of strengthening behaviors within each leadership fundamental. In total, some 600 managers took part in the various 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. In respect of employees identified as key personnel in the years 2018-2019, the plans for the reduction of risk have been completed.

In 2021, plans were drawn up to reduce risks in relation to seven key personnel and key positions that were identified in 2020, and 91% of the risk reduction plans, whose implementation was planned for this year, have been completed.

**Professional training**

- In 2021, the work plan focused on providing a response in three central axes, while integrating hybrid learning as part of the learning culture. The current professional qualifications of Bank employees have been improved, as have their personal qualifications, in accordance with the needs and gaps identified. Strategic projects have been deployed, such as customer experience and operating approach in the Corporate Division, where the change has been made, and skills and tools have been provided for improving the customer experience and new work processes have been deployed. A platform has been built to map employees’ position qualification and a pilot has been conducted in relation to three core positions at the Bank where the employee’s qualification is actually tested against the required position qualification.

**Maintenance of professional and personal qualification –** Special emphasis has, inter alia, been put on professionalism in credit, regulation aspects, and more. Training has been provided through online study meetings, training and distance workshops, on matters such as time management, resilience, storytelling, etc.

**Providing response to the training for duty of employees –** In accordance with business needs, basic banking training sessions have been carried out for new employees, training sessions for new mortgage advisors, for those involved in credit and for economists.

**Providing answers and support for strategic projects –** as part of the business strategy and the realization of the “best bank for its customers” vision, personal assistance has been provided and designated workshops and training sessions have been held at the network of branches in order to equip personnel with the necessary tools to provide a better service and customer experience. In addition, as part of the organizational culture project, employee training has continued to provide the core organizational skills that support the leadership model, through making the learning accessible and expanding the pool of online learning available to employees.

In 2021, some 25,446 learning days took place, compared to 18,605 in 2020. The online self-learning that took place resulted in 26,218 learning interactions in 2021, compared to 21,369 interactions in 2020.

**Nurturing excellence and providing feedback.**

- In accordance with the Bank’s strategy, which encourages performance culture and cultivating excellence, several remuneration 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 remuneration to outstanding employees at the different divisions, as well as special remuneration 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 2021, 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),
### Scope of professional and managerial training

Data regarding average annual hours of instruction per employee for the years 2019-2021

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction days</td>
<td>26,446</td>
<td>18,605</td>
<td>22,527</td>
</tr>
<tr>
<td>Interactions of Self-study</td>
<td>26,218</td>
<td>21,369</td>
<td>41,183</td>
</tr>
</tbody>
</table>

* 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 2019-2021*

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average training hours</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>clerical staff</td>
<td>27.6</td>
<td>24.6</td>
<td>32</td>
</tr>
<tr>
<td>manager</td>
<td>35.4</td>
<td>35.9</td>
<td>35</td>
</tr>
<tr>
<td>total</td>
<td>29</td>
<td>26.3</td>
<td>34</td>
</tr>
</tbody>
</table>

* 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

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope of the investment in NIS millions</td>
<td>8.5</td>
<td>6.9</td>
<td>8.9</td>
</tr>
</tbody>
</table>

### Training days at Discount Bank*

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>22%</td>
<td>19%</td>
<td>17%</td>
</tr>
<tr>
<td></td>
<td>12%</td>
<td>9%</td>
<td>8%</td>
</tr>
<tr>
<td></td>
<td>6%</td>
<td>3%</td>
<td>3%</td>
</tr>
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<td></td>
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<td></td>
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</tr>
</tbody>
</table>

* The data relates to online and frontal instructions only.

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 a number of adjustments were made:

- Transferring to a summarized assessment in writing for all the employees (without a numerical scale) and identifying employees belonging to unique categories: excellence (up to 10% of the employees), not meeting expectations (up to 5% of the employees);
- Implementing a pilot scheme to define goals/metrics that are generic to the central tasks, with the aim of determining uniform, standard goals for employees doing the same task.

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 2021 activity and state the goals, tasks and challenges in which they are interested in taking part in 2022.

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 term 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, performance, success, 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, five project teams were set up on the following topics: the employee experience and connectivity, strengthening managers, professional qualification, organizational optimization, and the culture of performance.
and change. A work plan was drawn up for the fourth quarter of 2020 and for 2021.

In 2021, the teams focused on laying down infrastructures for the project for the coming years. A listening to employees strategy was defined, following which an “employee experience” survey was conducted for the first time at the Bank, in which approx. 89% of the Bank’s employees participated. Resulting from the survey, a work plan at the Bank level and at the divisions’ level was constructed for improving the employees’ attachment to the Bank. In addition, in 2021, a leadership model was defined which constitutes a compass for the expected managerial qualifications. Defining the model has made it possible to correlate with additional organizational processes, such as the employee assessment, manager training, development plans, and so forth. The project also dealt with data-based development and career topics, organizational mobility and the culture of improving performance and change. At the end of 2021, the winning measures were clarified for the project in the coming years and measurable success measures were defined.

**Internal communication**
The Bank is investing in the development of open and two-sided 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.

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 2021, including: Senior Forum - a quarterly meeting; “Morning magazine” - a weekly television news cast presenting subjects standing at the core of the Bank’s endeavor (see below ‘organizational communication during the Corona crisis period’).

A “FaceBank” Portal
FaceBank enables access to employees, participation in know-how, a wide dialogue and contents that assist in the integration of information in a convenient manner and advanced user experience. The portal emphasizes the participation of employees in determining the contents and in increasing their involvement in leading change processes.

**Communication with the Senior Forum**
The Bank has a designated channel for communications with the Senior Forum at the Bank and at the Group. The Forum consists of some 120 executives in the Group who, through this channel, receive current updates and reports on a daily basis.

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
Within the framework of improving the internal service provided by the Human Resources, 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.

Employees can access the center through a number of channels: a telephone center, which provides a human response two hours every day, a designated electronic mailbox which is available throughout the day, and an approaches module in the Tiltan system - a system for managing information concerning the Bank’s employees. Approaches from Bank employees are received via the approaches module in the Tiltan system and, in order to provide a solution for employees and pensioners who do not have access to the system, an external dedicated electronic mailbox has been set up which is available at any hour of the day.

During 2021 some 15,631 approaches were received in the center, of which 4,387 approaches were by telephone and by electronic mailbox, and 11,244 were by the Tiltan system. Approx. 78% of the approaches were with regard to attendance and payroll. The center continued to operate normally in 2021, even during the corona crisis and arrangements have been made for the telephone center to be operated remotely.

**Position Survey**
In recent years, within the framework of the participation of the Bank in the BDI survey “100 best places of employment”, a survey was being conducted with participating Bank employees relating to their position on issues relevant to the Bank. The results of the survey are analyzed by BDI according to various sections.

The survey relating to the year 2021 was conducted during November-December 2021. Data collection was conducted online by way of a survey that was distributed directly from the BDI website to which the Bank’s employees were connected. The response to the survey covered approx. 18% of all Bank employees.

**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 welfare 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 condoleance set to the bereaved family;
- 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 2021, the Welfare Unit dealt with 750 inquiries including support talks with those sick with corona (compared with 774 inquiries in 2020).
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 2021, 3 events of group pressure situations were treated (compared with 17 events in 2020) and even workshops were held on how to cope with states of pressure and anxiety during Operation “Guardian of the Walls”.

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 2021, 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).

In 2020, due to the social distancing restrictions imposed as a result of the corona crisis, no event took place; instead, the contents of the gift were enhanced, and the gift was sent to the entitled children at the employees’ homes.

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 2021, due to the delusory period of social distancing, numerous activities were canceled at the last minute. Nevertheless, welfare activities still managed to take place, some via ZOOM. In these activities approx. 3,130 employees and their relatives took part.

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 – 158 employees, retirees, and their spouses chose to conduct medical survey tests through the Bank in 2021 (compared with 38 tests in 2020). In 2021, some 227 tests were performed on the Bank’s athletes (compared with 220 tests in 2020).

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 22 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 2021, five electromagnetic radiation tests and five tests to check the existence of radon gas. In addition, two work environment tests were performed to check for a harmful noise level and for floating particles that could be inhaled.

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 and workshops are held every three weeks, 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.
The Human Resource During the Corona Crisis

Human resource management during the Corona Crisis

In 2021, the Bank conducted itself in accordance with the waves of corona, the government’s guidelines regarding corona and business continuity considerations. At the beginning of the year, the economy went into lockdown and, in accordance with the Bank being defined as an essential enterprise, the branches continued to work in a normal format, while head office employees worked with a minimal physical presence at the offices.

At the beginning of the second quarter, the Bank’s employees returned to work in a full format at the Bank’s facilities under the green/purple badge restrictions, with the exception of unique, organizational units whose employees, it was decided, would continue to work from home, either completely or partially.

Some two months later, at the beginning of June, concurrently with the removal of the restrictions by the Ministry of Health, all the movement restrictions at the Bank’s facilities were canceled. In mid-August, due to the outbreak of a fourth wave of corona, the guidance was reimposed in relation to green badge restrictions/a negative corona test as a precondition to being present at any of the Bank’s facilities.

At the end of 2021, with the outbreak of a fifth wave (the Omicron variant), the testing requirement was made more stringent – to twice a week for the nonvaccinated, as a precondition to working at the Bank’s facilities. At the beginning of 2022, the Bank again returned to hybrid working from home and at the Bank’s facilities.

The Bank continues to act in accordance with the government’s guidelines with regard to corona and to communicate guidelines to its employees. Concurrently, the Bank is still dealing with the topic of employees who have been infected and who are in isolation.

Investing more in employees in principal subsidiaries

Human resources development in principal subsidiaries

MDB

During 2021, the Bank promoted management and leadership training, as follows:

Locating reserves
A management potential identification process was completed among some 70 employees from the branches and from the head office, in addition to some 60 employees sorted in 2020. This, so as 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.

Managerial development
Manager training – in 2021, a training course for top management positions took place, in which 20 head office employees participated. 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 2021.

Counseling, assistance and guidance talks were held with five regional managers following a potential identification process.

In preparation for the annual evaluations process, some 70 male and female managers participated in workshops to gain the tools to obtain significant feedback and to make an objective supporting evaluation.

Peer learning – Approx. 70 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 management skills and more.

In addition to this, tools and support kits have been developed for managers on a variety of topics, such as: absorption of employees, remote management and so forth. A monthly newsletter is also being sent out to the managers.

Professional training
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 2021, and self-study layouts at the branches have been developed and 16 study sessions were held for branch managers, compliance trustees and bankers. In addition, 36 training sessions were conducted for the compliance functions at the units of the bank, with a focus on the branch network.

Approx. 32,820 organizational study hours were conducted in 2021, of which approx. 46% was through digital learning.*

* Does not include “on-the-job” (OTJ) branch learning and tutorship.
Training days at MDB - 2021

<table>
<thead>
<tr>
<th>Type of training</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit</td>
<td>12%</td>
<td>14%</td>
</tr>
<tr>
<td>Soft skills and management</td>
<td>6%</td>
<td>8%</td>
</tr>
<tr>
<td>Compliance and regulation</td>
<td>11%</td>
<td>10%</td>
</tr>
<tr>
<td>General</td>
<td>20%</td>
<td>23%</td>
</tr>
<tr>
<td>Current accounts</td>
<td>22%</td>
<td>23%</td>
</tr>
<tr>
<td>Deposits</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Computer</td>
<td>12%</td>
<td>10%</td>
</tr>
<tr>
<td>Foreign currencies/foreign trading</td>
<td>6%</td>
<td>6%</td>
</tr>
</tbody>
</table>

* Training activities - all training without reference to the process’ timespan.

23% of employees participated in frontal training on the various sites of the bank.

The number of frontal instruction hours amounted to 14,532. In addition, 6,131 interactions were made in self-study teleprocessing.

The average number of study hours per employee during 2021 amounted to 22.63.

ICC

ICC runs managers’ development programs, which provides tools and skills to managers (of whatever gender) helping them to lead their units to success.

Management of ICC believes in the development of the executive echelon. Some 74% of the managers (of whatever gender) of ICC have grown within the company into managerial positions.

Several programs are in operation 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 2021, some 41 managers participated in the program (compared to 43 managers in 2020);
- Executive training room – enrichment learning meeting regarding a variety of subjects, the aim of which is to continue and develop and nurture managers (of whatever gender) and provide them with management tools and skills; in 2021, some 195 managers participated (compared to 76 participants in 2020, the Corona year);
- Inspiration creating communication for managers – in accordance with the year’s challenges and the corona restrictions, a range of tools have been provided for remote management over a variety of communication channels, such as ZOOM meetings, and 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.

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 Udemy 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.

Data regarding employee and manager training inputs at ICC

<table>
<thead>
<tr>
<th>Type of training</th>
<th>Population</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers</td>
<td>14 hours per manager</td>
<td>17 hours per manager</td>
<td></td>
</tr>
<tr>
<td>Employees</td>
<td>8 hours per employee</td>
<td>8 hours per employee</td>
<td></td>
</tr>
<tr>
<td>Representatives*</td>
<td>160 hours per Representative</td>
<td>198 hours per Representative</td>
<td></td>
</tr>
<tr>
<td>Employees and managers</td>
<td>7.3 hours per person</td>
<td>6.5 hours per person</td>
<td></td>
</tr>
</tbody>
</table>

* A “representative” is defined as one who provides telephonic service to customers (service representatives, service and sales representatives, trading house service representatives, etc.). Representatives receive intensive training for about one month, upon entering this position.
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.

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

MDB has a portal for employees that is used to manage the bank’s know-how. In 2021, MDB took steps to bolster and upgrade its intra-organization communications by means of SMS messages, emails, newsletters, and ZOOM meetings in order to maintain an open and two-way communication with the employees, 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;
- 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.

During the period of the corona epidemic, MDB supported employees sick with corona, through providing personal psychological assistance to the employee.

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. Due to the corona epidemic and the guidelines to maintain social distancing, the employee benefits were a reflection of the period; for instance: vacation substitute – vouchers were distributed to employees for various retail chains of their choice, to be used at a time suitable for them; event for children going into first grade – the children were given packages and vouchers for Cinema City and the like. 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.

MBDB workers 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 2021, no Blood Donor Drive days took place because of the corona epidemic. 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. Sports activities in 2021 took place in accordance with the guidelines of the Ministry of Health and ICC’s Corona Supervisor.
Safety in the workplace at the principal subsidiaries

MDB

MDB has appointed a work safety consultant as required under the Organization of Labor Inspection Act, 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 internal safety checks and this topic is managed with mechanized monitoring.

As part of his duties, the safety consultant handles the safety, hygiene and fire topic, performs surveys 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 presented in the previous Report

Discount Bank

<table>
<thead>
<tr>
<th>Achieved</th>
<th>Preparation for the upgrading of the reporting system regarding employee volunteering.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not achieved</td>
<td>Structuring of work plans for the improvement of the employee tracks, focusing on the employee experience and adaptation to the transfer to the Discount Campus.</td>
</tr>
<tr>
<td>Not achieved</td>
<td>Bringing out a new business duties booklet for all the Bank’s employees.</td>
</tr>
<tr>
<td>Achieved</td>
<td>Turnover and renewal of the pool of active suppliers in the scope of approx. 5% in the field of construction and properties.</td>
</tr>
<tr>
<td>Achieved</td>
<td>Conducting an employee experience review. Structuring of a work plan for improvement of the findings and implementation thereof.</td>
</tr>
<tr>
<td>Achieved</td>
<td>Measuring the core qualifications of employees by means of employee evaluation and structuring study programs adapted to results and to target populations.</td>
</tr>
<tr>
<td>Achieved</td>
<td>Expansion of learning platforms and learning contents.</td>
</tr>
<tr>
<td>Achieved</td>
<td>Mapping of qualifications – completion of the mapping of 31 tasks and the mapping of qualifications of an employee with respect to tree tasks.</td>
</tr>
<tr>
<td>Achieved</td>
<td>Structuring of a leadership model and conducting absorption activity among the senior forum – reporting directly to the VP’s.</td>
</tr>
<tr>
<td>Achieved</td>
<td>Structuring a process of employee evaluation using the new methodology, including implementation of the leadership model in the process.</td>
</tr>
<tr>
<td>Achieved</td>
<td>Business continuity in the Corona time – manpower management, reports, employee support.</td>
</tr>
<tr>
<td>Partially achieved</td>
<td>Treatment of bench strength – preparation of a plan for mitigating risk regarding key employees and implementation thereof.</td>
</tr>
<tr>
<td>Partially achieved</td>
<td>Employer branding – definition of the differentiating value of Discount Bank as an employer for its employees and for external candidates in a challenging labor market.</td>
</tr>
<tr>
<td>Achieved</td>
<td>Definition of the absorption process of new/transferred employees from one end to another, from the viewpoint of the employee experience and the treatment of gaps.</td>
</tr>
</tbody>
</table>

Future goals

Discount Bank

| 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. |
| 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, Arabs 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. |
| Continuing the mapping of employees’ qualifications to their tasks, with reference to five core tasks. |
| 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. |
| Integration of the leadership model among the senior Forum – reporting directly to the Executive Vice Presidents. |

Notes:

1. Is being conducted in 2022.
2. The integration process among the senior Forum was deferred to 2022.
Suppliers

Promotion of Responsible Procurement 148
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Goals 153

The Bank strictly honors its agreements with suppliers and non-adverse utilization of its position towards them, 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 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 has structured a Group purchasing policy.

The Bank strictly honors its agreements with suppliers and non-adverse utilization of its position towards them, 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. 89.8% of the purchases made by the Bank are from suppliers operating and employing workers in Israel.

Approx. 49.4% of the Bank’s operating and other expenses excluding payroll expenses, in 2021.

Approx. 3.1% of IIC’s total purchased and foreign purchases.
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 2021 to the Bank. No complaints by contractors’ employees were submitted in 2021 to MDB and to 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.

No complaints regarding discrimination were raised in 2021 on the part of suppliers. The content of this section applies also to MDB and ICC.

Suppliers in the wake of the Corona crisis

In the course of the month of March 2020, the Bank decided to advance payments to suppliers in respect of goods and services that had been supplied, in order to assist and support providers of services to the Bank. The said policy was implemented until the middle of November 2021. ICC and MDB have adopted a similar policy in 2020.
Promotion of Responsible Procurement at the Principal Subsidiaries

Mercantile Discount Bank (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.

MDB conducted business in 2021 with approx. 1,134 suppliers, in a total amount of approx. NIS 608 million. Approx. 3.1% 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 or by an electronic offer 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 centralize 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 2021 purchases through 49 suppliers with a total expense of US$11.0 million.

Goals

Goals presented in the previous Report

- **Achieved** Continued cooperation with suppliers who employ employees with disabilities.
- **Achieved** Continuing strict integrity, fairness and transparency towards suppliers.
- **Achieved** Maintenance of a high service level (SLA) to internal customers.
- **Partially achieved** Replacement and refreshment of the active suppliers base in a scope of approx. 5% in the field of construction and properties.
- **Not achieved** Continuing the process of approaching the Bank’s suppliers suggesting participation in the “Maala” rating.
- **Achieved** Characterization of the supplier evaluation model.

Future goals

- Replacement and refreshment of approx. 5% of the active supplier pool regarding the construction and properties field.
- Development of a supplier evaluation model.
- Continuing the cooperation with suppliers employing workers with a disability.
- Continuing strictness regarding integrity, fairness and transparency with respect to suppliers.
- Maintaining a high service-level (SLA) with respect to internal customers.
The Bank is focusing 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.

Approx. 21 million of investments in the community
Approx. 11,194 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. 90 different volunteer sites
Approx. 12,500 participants in the “Sprint” programs since their launch, in 340 centers of operation
Approx. 2,345 volunteering employees
The granting of 254 scholarships on behalf of the Nissim Alagem Foundation
Approx. US$ 10.5 million—commitment for impact investments through Discount Capital
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 2021, efforts continued to intensify volunteering and community action in light of the challenges and consequences of the Corona action in light of the challenges and consequences of the Corona

Policy

The Bank is focusing 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 social activity of the Bank in the community is expressed in four layers:

- The flagship project “Discount Sprint for the Future”;
- Volunteering in the community;
- Investment in the community;
- 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.

"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 eight central programs:

- "Sprint to hi-tech" 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;
- "Sprint for sustainability and the environment" is an educational 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 social 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);
- "Sprint to the Academy at high schools" program assists teens with a matriculation certificate track, having difficulties in studying, to complete their high school studies with a matriculation certificate and integrate in the academy.
- A unique and innovative program to direct students toward academic studies while constructing an employment purview even while students are still studying in high school.
- The program offers significant, profession-oriented courses in high schools and academic, achievement of a full, high-grade matriculation certificate, academic accreditation for higher learning, and building the motivation to integrate into academe and the work environment in the profession studied;
- "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
Sprint program for the Arab society

In 2008, Mercantile Discount Bank 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 seventy 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, 95% of the students improved their academic achievements.

MDB continued its contribution in 2021, granting 175 study scholarships at a total amount of approx. NIS 875 thousand (compared with 155 study scholarships at a total amount of approx. NIS 775 thousand in 2020).

Within the framework of the program to date:

- Approx. 6.4 million has been granted as scholarships to students;
- Approx. 110 thousand hours of community volunteer work;
- Approx. 1,275 scholarships have been granted to students from 72 locations who have participated in the program.

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.

“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.

The Bank is a 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 audit committee of the Association and the Bank’s Accounting Division provides accounting and payment services for the Association.

“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;

91% of the academic graduates have integrated into qualitative professional work;

76% of the graduates of technological education (youth at risk) integrated into work with the military and industry.

"Sprint to Excellence"

Over 96% were entitled to matriculation certificates complying with university entrance requirements;

Approx. 80% of the students have completed their high school studies with science-orientated matriculation certificates with an average grade of 85 or over;

54% of the abovementioned received a summa cum laude award and average grades of over 95.

"Sprint for engineers"

98% of program graduates obtain employment placements in industry;

84% diploma rate, compared to a approx. 60% national average;

12% average dropout rate in the program, compared to a 35% national dropout rate.

"Sprint to the academy at high schools"

94% complete studies with a matriculation certificate.

The "Remote, but Personal!" Program

"During the Corona period I felt very lonely. Studies through ZOOM did not agree with me. I went out to work, I needed the money also to help my family. Had it not been for the "Sprint" program, I would not have completed my studies. They supported me, held personal meetings, I communicated regularly with the Coacher (Gitta), and the coordinator of the program did not give up on me..." 

During the Corona period, Sprint for the Future developed a unique emotional training program for Sprint’s mentors. The training provides a response to distress, enhances personal and interpersonal functioning and builds mental resilience among thousands of at-risk teenagers and young people throughout Israel.

The response has been expanded and will continue to operate in the coming years thereby assisting young people in reaching high levels of functioning in whatever framework they find themselves and in optimally coping with the challenges facing them (in the universities, technological colleges, professional training, the civil service and on commencing their initial employment).

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 2,730 scholarships to students have been granted, in a total amount of approx. NIS 13.5 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 2021, some 254 scholarships were awarded in a total amount of approx. NIS 1.3 million (including scholarships under the "Sprint" program for the Arab sector of society), compared to 272 scholarships in 2020 in a similar monetary scope.

Furthermore, following the Corona, 61 scholarships in a total amount of NIS 305 thousands, financed by the Ministry of Welfare, were granted directly to students participating in the "Sprint" program. These youngsters were part of the "Sprint to the academy" program enjoying a wide coverage of escort and response: empowerment workshops, preparation for the world of labor, personal escort, mentoring and more.

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 2021, the year when the Corona and its restrictions were present until the middle of the year, a wide range of volunteering activities took place, when a not insignificant part thereof had been conducted at a distance. It is noted that frontal voluntary work was made possible only since May. During this year also, volunteering Bank employees contributed their time and warm-heartedness.

Prediction, encouragement and the widening of the scope of volunteer work at the Bank, conducted by the social responsibility unit, includes initiation of projects, long-term accompaniment and the funding of voluntary activities. This, 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. Most of the voluntary activities of the employees are carried out after working hours.

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 2021, 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, ball gowns and suits for the prom parties of high-school graduates, and toys. 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. Every year, as the school year ends, the Bank promotes the project, encourages its employees to donate bags
and thus assisting children belonging to populations in the weaker sections to start the school year on an equal basis, without having to feel different.

> 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 800 cakes for various charities throughout Israel, which distributed them to different populations, such as: Holocaust survivors, IDF soldiers, at-risk women, children and teenagers, etc.

> Tu Bishvat activity – For the second year – prior to the festival – employees of the Digital, Data and Innovation Division planted and prepared flower pots that were donated through the Bank’s northern region employees to Holocaust survivors from the Yad Ezer Lechaver Association.

> 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 2021, and in the framework of which, Bank employees were lectured by the ZOOM application, on banking subjects and self-empowerment to fifth and sixth grade students at the “Ben Gurion” school in Bat-Yam.

2,342 employees volunteered in 2021 at different volunteering centers. These volunteers worked at some 90 locations contributing a total of 11,194 volunteer hours. Approx. 2.5 hours of volunteering on average per employee.

**Employee volunteering data**

<table>
<thead>
<tr>
<th>Year</th>
<th>Ratio of Volunteering Employees</th>
<th>Average volunteering Hours Per Employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>15%</td>
<td>12.5</td>
</tr>
<tr>
<td>2018</td>
<td>23%</td>
<td>23.5</td>
</tr>
<tr>
<td>2019</td>
<td>41%</td>
<td>8.9</td>
</tr>
<tr>
<td>2020</td>
<td>45%</td>
<td>3.4</td>
</tr>
<tr>
<td>2021</td>
<td>51.4%</td>
<td>2.5</td>
</tr>
</tbody>
</table>

**Investing in the community**

The scope of investment by the Discount Group in the community totaled approx. NIS 20.9 million in 2021, an increase of approx. 70%.

**Breakdown of Discount’s Group investment in the community**

<table>
<thead>
<tr>
<th>Year</th>
<th>People with special needs</th>
<th>Education and knowledge</th>
<th>Adoption of IDF units</th>
<th>Health</th>
<th>Other social targets</th>
<th>Sponsorships and miscellaneous</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>4%</td>
<td>34%</td>
<td>3%</td>
<td>24%</td>
<td>24%</td>
<td>11%</td>
</tr>
<tr>
<td>2021</td>
<td>8%</td>
<td>59%</td>
<td>4%</td>
<td>16%</td>
<td>6%</td>
<td>7%</td>
</tr>
</tbody>
</table>

**Total of Discount’s Group investment in the community**

<table>
<thead>
<tr>
<th>Year</th>
<th>Donations of equivalent monetary value</th>
<th>Sponsorships and miscellaneous</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>20.0</td>
<td>2.5</td>
</tr>
<tr>
<td>2018</td>
<td>9.9</td>
<td>12.3</td>
</tr>
<tr>
<td>2019</td>
<td>8.9</td>
<td>11.4</td>
</tr>
<tr>
<td>2020</td>
<td>10.3</td>
<td>12.3</td>
</tr>
<tr>
<td>2021</td>
<td>11.4</td>
<td>15.0</td>
</tr>
</tbody>
</table>

**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 2017, measures were taken to improve data of post-retirement volunteering, as a result of which a decrease was reflected in the percentage of volunteering at the Bank.
3. 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 involved in organizing the volunteering.
4. Calculated out of the total number of employees, excluding outsourcing.

1. As of 2021 it was decided not to include in the data the indirect expenses - payroll (payroll for staff of the social responsibility unit and certain other factors who were directly engaged in social responsibility matters as part of their regular working hours). The data for 2017-2020 were reclassified accordingly.
2. Sponsorships for associations and for social purposes only.
In 2021, the Bank’s budget for monetary donations was increased by NIS 8.5 million. The total of the monetary donations of the entire Group in 2021 grew by NIS 8.7 million.

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 allocates a donation budget. Among the donations extended by the Bank in 2021, 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, Ozioni Pre-military College, Ma’ase Pre-military College, "Ezra LeMarpe” Association, Yad Ezer LaHever, Elem Association, Zoharim Village, Lotan Way, Ha’guda 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 Bank also contributes, on a regular basis, office and computer equipment and furniture no longer in use by units of the Bank, to associations requiring it. In 2021, the Bank donated dozens of computers – that had been given a new lease of life by the Bank’s technicians – to students throughout Israel not possessing computers.

During 2021, 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.

**Strategic cooperation**

**RASHI Foundation**

Promoting social leadership for youth with few opportunities, by means of providing technological tools, 21st Century skills and education for personal and social excellence. Many young people encounter obstructions for choosing hi-tech, among which are lack of acquaintance with this field, feeling of low technological abilities and more. Discount Bank has chosen to join the RASHI Foundation – the Cyber Education Center, creating strategic cooperation at schools in peripheral areas for the cultivation of excellence and provision of knowledge and training in the cyber and technology fields and reducing gaps. This, with a view of bringing about a real change in schools in peripheral areas, and create equal opportunity for youngsters of tomorrow’s generation.

The Bank provided support for two programs: “Mamriot” (Taking-off) and “StarTech”.

"Mamriot" program – A three yearly excellence program directing young girls to technology studies.

"StarTech" program – An intensified experiencing program for middle school students intended to increase the number of young persons from peripheral areas who choose the course of technological studies. The program comprises a springboard to computer studies at high school and to service in designated units of the IDF. The Bank supports this program in the towns of Eilat, Tsfat and Kiryat Malachi.

"DARCA" program

Reducing gaps in over primary school education and empowering students coming from weak populations by establishing excellent high schools in geo-social peripheral areas. The network numbers forty schools and study centers serving approx. 22 thousand students of all variety of the population: Jews, Arabs, Druze, Bedouins, secular and orthodox.

The strategic cooperation of Discount Bank with the DARCA network:

- Bridges over the economic differences between educational institutions in financially strong authorities and schools in weak authorities;
- Investment in headmasters and educational staff that would lead students to success;
- Exposure to the most innovative educational technology that would provide tools for success;
- Promoting academic achievements that allow Accessibility to higher education.

The Bank supports the DARCA comprehensive school “D” in Ashkelon numbering 1,300 students.

"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:

- Professional training – within the framework of which, young people after full military or national service, enjoy over 800 hours of qualitative professional teaching, at the end of which they take international qualifying examinations;
- Residence near the campus – allows full availability in favor of the studies;
- Career development program – concurrently with professional training, participants enjoy 200 hours of preparation for career, which includes workshops, simulations for employment interviews, tours of hi-tech companies and more;
- Placement – operating a placement layout that assists in finding employment opportunities, as well as helps in the process of settling into the workplace.

Discount Bank supports this Association since 2014. In 2021, 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.

**JOINT ESHEL - working for the elderly population**

In an era in which life expectancy in Israel rises and the population keeps getting older, one of the tools for conducting a healthy and active way of life, is the ability to use digital services independently. This ability comprises a significant power multiplier for optimal aging in relation to social and economic vigor indices. During the Corona period, it was found that elderly persons having digital literacy had functioned in a better manner showing lesser deterioration. The data indicates a significant digital difference among the elderly population.

Discount Bank has joined JOINT ESHEL in promoting digital literacy through basic courses for the senior and independent population with no basic knowledge in this field.

**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, and in 2021 supported the opening of a new program at the Haifa University.

**Additional selected 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. A singular program of OFANIM Association 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 2021, the Bank supported both the operations of the mobile laboratories in Afula and the OFANIM Academic program for students from Beit She’an and Afula.

**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. The assistance package includes:

- Installing security cameras;
- Installing a distress button connected to an emergency center and a 24/7 security patrol by a security company;
- A package of ten self defense lessons;
- Sending a Lawyer’s letter to the threatening factor, with a warning of instituting legal proceedings.

In 2021, the Bank joined the Michal Sela Forum and made a donation to the “Michal Sela Reconnaissance Unit” for the saving of life and protection of threatened women. The donation of the Bank was intended for the protection of houses of sixty threatened women.

**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 coachers 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 2021, the Bank supported the opening of two new operating centers in Lod and in Acre.

**“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 2021. 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.

**Woman2Woman program**

For the seventh 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.

A female member of the Bank’s Management served in 2021 as a mentor in this program, and the Bank is promoting additional co-operations, including participation in professional panels and conventions creating added value in the advancement of women’s professional careers.

“Adopt a combat soldier” Project

For the past 17 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 2021, 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 2021, no new works of art were purchased.

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. 7 tours were made during 2021, in which 300 visitors participated. The scope of tours during 2021 was significantly reduced following the restrictions on these kinds of activities imposed on the background of the Corona pandemic.

In 2019-2021, as part of the preparations for the move of the Discount campus, the Bank donated hundreds of original works of art and prints to various associations.

In 2021, the Bank continued cooperation with various museums, lending them works from the art collection of the Bank.

PROMOTION AND NURTURING OF ………… ISRAELI ART THROUGH THE ………… ACQUISITION OF WORKS OF ART AND CONDUCTING GUIDED TOURS OF THE ………… ART COLLECTION OF DISCOUNT BANK.

Additional activities in 2021

> “Stage for the Artist”. The project is intended to support and advance young and senior artists offering exposure within the walls of the Bank. Four art exhibitions were held during the year: the "Tama Hatama" for the artist Suly Wolf; painting exhibition for the artists Rina Barshaf; an exhibition for the artist Amit Cabessa; and an exhibition for the artist Giora Streichman. In addition, a photography exhibition was held for the photographer Dean Ariel, a medical student documenting the work of interns during the Corona period.

> The Passover Hagadah Exhibition. An exhibition of rare and historical Hagadah books was held at the Tel Aviv Main Branch, as well as artist illustrated Hagadah books.

> “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 ninth year in which the Bank accompanies this exhibition and also held it within the walls of the Bank. 120 artists enrolled to help and donate a work of theirs to the exhibition. Customers of the Bank were invited and even acquired works of art, contributing to the children in risk situations.

> The Discount Art Prize was granted this year to the artist Hilla Toony Navok at the Herzliya Museum of Contemporary Art, in support of her individual exhibition at the Museum.

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.

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.

As of December 31, 2021, the investment of Discount Capital in the Fund totaled US$0.4 million. In February 2022 Discount Capital signed a commitment to invest US$ 1 million in a continuing Fund, this being part of the Fund’s US$ 6.8 million in total commitments.
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 14 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 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. 2,275 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 2021 some 288 of scholarships to mentors of the ultra-orthodox community, who in consideration for the scholarship assist in their studies school children of second to eight grades from these families.

Sponsorship for excelling athletes – In 2021, MDB granted sponsorships to athletes and to sport groups: to Iyad Shalabi who had won two gold medals for swimming in the Paralympics Games in Tokyo, to a women’s volleyball team and to a runners group.

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 eight 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.

“Synergy” – ICC participates in the “Synergy” program – powerful leadership alongside contribution to the community, which integrates senior ICC managers (of both sexes) in executive boards of social organizations and associations. Through the JOINT Israel Organization, the managerial echelon of ICC is being trained and brings the managerial and business skills of managers to develop and manage social associations. The connection between the parties takes into account the needs of the organization and the qualifications of the managers, fully volunteering.

I BELONG ISRAEL (Masa Israeli) – ICC works in aid of IDF disabled veterans within the framework of a joint social project with the IDF Disabled Veterans Organization and the “Masa Israeli” organization. ICC employees and a group of IDF disabled veterans who are associated with the fighters’ centers throughout Israel embark on a social values journey to empower Israelis and deepen their sense of belonging at significant landmarks. The journey is accompanied by a series of discourses, circular walks, and more.

“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 skelal 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 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 vehicle that operate 24 hours a day, 6 days a week, free of charge.
motorcycle that has been in operation for the last five 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, and provided response to the special needs during the Corona period, such as: Corona tests, inoculations, etc. (see above).

Assistance to bereaved families – ICC participated in an Israeli initiative “Stones with a human heart” that supports bereaved families of fallen soldiers and of victims of terror operations. Families of the dead who live outside Israel, were not able to visit the graves of their loved ones during the Corona period, so that with the assistance of the Ministry of Foreign Affairs, they had sent to Israel ornamented stones from around the world, and ICC employees volunteered to put the stones on the graves of the fallen on Remembrance Day for the fallen in Israel’s campaigns.

Assistance to patients and those hospitalized at the Sheba Hospital, Tel Hashomer – ICC in cooperation with the CHABAD House at Tel Hashomer, established this year 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, foodstuffs and hot/cold drinks to those arriving for treatment at the Hospital and their families, and also offer support and a sympathetic ear.

Encouragement of altruistic donations – ICC supports the “Gift of Life” Association, engaged in encouraging the altruistic donations of kidneys and granted this year 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 was broadcasted all through the year in hospitals, on YouTube and on the digital assets of the Association, helping greatly to the raising of funds. Furthermore, ICC held on “Good Deeds Day”, a lecture to employees of the company with the participation of representatives and activists of the Association intended to increase public awareness to the activities of the Association.

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 has formed a partnership with the Jewish National Fund (KKL) enrolling company employees in a campaign for the rehabilitation of forests in Israel, which had been damaged by fire. In respect of this contribution, an appreciation certificate has been awarded to each volunteer helping in the rehabilitation of the forests.

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 of learning equipment to families in need, collecting costumes of needy children, 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.

Association for the promotion of education in Tel Aviv – Jaffa (The Jaffa Institute) - the Association runs activity centers and warm houses, providing a wide array of programs and services for children living in the poor quarters of South Tel Aviv, Jaffa and Bat-Yam. These include food, tutorship, mental consultation, preventive medical treatment, art therapy, etc. Discount Capital Underwriting (subsidiary of Discount Capital) assists in financial contributions for promoting the goals of the Association.

The National Library of Israel Ltd. – The National Library curates and preserve the intellectual and cultural works of the Jewish people over the generations and of all strata of Israeli society and is a national cultural center for the public and for researchers from Israel and elsewhere in the world. The Library collects, distributes, endows and preserves the cultural and historic heritage of the nation and the state for all its citizens, and specialized in the fields of Judaism, Israel and Islam. Discount Capital Underwriting contributes to financing the activities of the Library and the comprehensive renewal process that the Library is undergoing, while maintaining its uniqueness.

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 and in the employment circle. Discount Capital contributes to the financing of the Association’s activities.
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.

“ALUT” – The Israeli Society for Children and Adults with Autism is an association of parents that is active in treating and advancing children, teens, and adults on the autistic spectrum. During the year, Tafnit donates to the association and finances activities for the wellbeing of the association’s children and their families.

Goals presented in the previous report

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<th>Discount Bank</th>
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<td>Increasing the number of volunteering employees and increasing the number of volunteering hours, by at least 5%.</td>
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<tr>
<td>Appreciating the volunteering value and its importance.</td>
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| ICC | Achieved |
| Increasing the number of volunteering employees and increasing the total of volunteering hours of company employees by at least 5%. |

| MDB | Achieved |
| Increasing scholarships for students by 5%. |
| Increasing the number of employees involved and widening of the circles of influence of volunteering in the community. |

Goals for the future

| Discount Bank | Development of a possibility of reporting volunteer hours worked in the Bank’s attendance system. |
| Regulating the possibility of doing volunteer work on account of working hours. |

| ICC | Increasing the number of volunteering employees and increasing the total of volunteering hours of company employees by at least 5%. |

| MDB | Expanding relations with students and with cultural influential circles. |
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.
**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 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.**

As a corporation that provides financial services, the Bank’s direct environmental effects result from its consumption of office materials, such as paper and energy consumption – electricity, fuel and mileage. Accordingly, the Bank focuses its efforts on managing, measuring and monitoring and on making savings and increasing efficiency in these areas.

**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.

**Environmental activity principles**

- The Bank strives to comply with all environmental laws, regulations and governance and received no complaints in 2021 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;
- 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.

**Preparations are being made for intensified management of environmental and climate risks**

- The issue of environmental and climate risk management, receives, recently, 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 systemic effects. Accordingly, different Regulators around the world, among which also the Supervisor of Banks, are preparing for the mapping of operations regarding this issue in the banking system towards the future regulation of this field.

On December 1, 2020, the Supervisor of Banks sent a letter to banking corporations and credit card companies with respect to developments related to climate changes and transition risks, and in order to reflect material changes in the manner of management of such risks, and include, inter alia, quantitative indices for the measurement of exposure to these risks.

The Bank is studying this topic so as to be able to make preparations for intensified management of environmental, climate and transition risks, while examining the international management and reporting framework.

In this framework, the Bank, with the assistance of independent consultants, performed in 2021 a process for the mapping and identification of significant climate risks in areas relevant to its business activity, and also tested different tools and methodologies for the evaluation of emission risks inherent in the credit portfolio.

**“Green Credit” Policy regarding Environmental Risks**

In recent years, there has been a significant increase in the global awareness of ecological and social damage caused as a bi-product of the development of projects, mainly in the industrial, real estate and infrastructure sectors. As a result, the widening legislation on the subject and the claims by those who had suffered damage which were admitted by courts around the world, corporations engaged in these areas began taking into account environmental criteria in considering the feasibility of projects. Legislation in this field has widened also in Israel, though it is not yet wide-ranging compared to Europe and the U.S.
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 160 million in 2021, compared to approx. NIS 100 million in 2020, 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. Due to Corona, delays have occurred in the Electricity Corporation granting approvals for such arrays. At the end of 2021, the first loans in negligible amounts 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. Till now, the scopes of credit in the fund had been peripheral due to the complicated operating mechanism with the state.

Banking corporations may be exposed to environmental risks in the various aspects of their operation; such risks may be included with other risks, such as: credit risk, market risk, operational risk, legal risk and liquidity risk.

The Bank’s policy as regards environmental risks relating to credit is focused on the identification of the risks, evaluation thereof and reporting it to the decision makers, as well as conducting a continuous monitoring of borrowers having a high environmental risk potential.

The aim of this policy is to identify borrowers having a high risk potential, and making specific decisions with respect to cases where the risk is viewed as material (having a high probability of materialization and upon the potential materialization the credit loss, may be material).

In this framework, the Bank has defined an evaluation process with respect to the level of environmental risk and of the quality of risk management regarding business customers upon the granting of credit and upon performing the periodic evaluation of customer quality, with special reference to customers having a high environmental risk potential. The monitoring of the credit risk exposed to significant environmental risks is performed on an ongoing basis during the year.

For further details regarding the risk management at the Discount Group, see the 2021 Annual Report (pp. 66-117) and in the document “Disclosure according to the third pillar of Basel and additional information regarding risks” for 2021.

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 FDIC and the FED.

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.

With respect to loans exceeding NIS 50 million in sectors having potential for high environmental risk, 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.

26 The US Federal Deposit Insurance Corporation.
27 The US Central Bank.
expected to be a major plank in the national field that is developing in Israel and is even opportunity. The renewable energy field is a field that is both pertinent and relatively significant to the Bank’s activities. The Bank views this, and generally 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 sub-sector engaged in photovoltaic installations (PV) is a part of the renewable energy field. This field is based on regulations under power of the Electricity Market Act, designed to regularize the establishment of electricity production installations using solar and wind energies. These systems have many advantages when it comes to promoting environmental quality and clean electricity generation through the use of renewable energy. In addition, the Bank extends credit for projects in the CSP (thermo solar) field.

The Bank has a specific policy for the granting of credit to the solar energy systems field, both to business and private consumers. Within the framework of the policy, among other matters, the processes for granting credit, controls and specific collateral for this field are established.

Concurrently 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 also an opportunity. 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. Thus, the Energy Ministry has set a national goal of approx. 30% for the generation of electricity from renewable energy (as compared to approx. 7% as of the date of preparing this report). The provision of credit for the installation of solar systems is a field that is both pertinent and relatively significant to the Bank’s activities. The Bank views this, and generally 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 sub-sector engaged in photovoltaic installations (PV) is a part of the renewable energy field. This field is based on regulations under power of the Electricity Market Act, designed to regularize the establishment of electricity production installations using solar and wind energies. These systems have many advantages when it comes to promoting environmental quality and clean electricity generation through the use of renewable energy. In addition, the Bank extends credit for projects in the CSP (thermo solar) field.

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Financing in the solar energy field

Concurrently 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 also an opportunity. The renewable energy field is a field that is developing in Israel and is even expected to be a major plank in the national

Extending "green credit"

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 solar energy field

Concurrently 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 also an opportunity. The renewable energy field is a field that is developing in Israel and is even expected to be a major plank in the national

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, a consideration will be made 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 will be done according to the ESG index published by rating companies and/or according to another accepted ESG index.

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. Making an investment that exceeds the established limits will require a special discussion.

Promoting green building

Establishment of the Discount Campus

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 dunnums in the city’s west. The campus is intended to house the Head Offices of Discount Bank, MDB and ICC, including computer installations. This project constitutes the principal non-banking investment of the Group for the coming 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 FITWEL standard, an international WELLNESS standard dealing with welfare and health of the building’s users. Completion of the authorization process is expected 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 are planned 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 will allow for the most comfortable thermal and visual conditions in the workspaces, while shading the facades and reducing cooling requirements. Also to be included are air-conditioning systems that been shown to be among the most energy efficient on the market, as well as filtration and disinfection measures, efficient electricity systems and the planning of energy-saving lighting.

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.

**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.

**In 2021, Discount Bank was successful in reaching savings of 1.6% in the consumption of energy compared to the previous year**

In 2021, 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 14 locations of the Bank through the installation of LED lamps;
- Allotment of approx. NIS 5.9 million for energetic efficiency measures at branches and head office premises.

**Energy consumption**

In 2021, the Bank’s total energy consumption* amounted to 130,723 GJ, and the Bank managed to achieve a 1.6% saving in energetic consumption compared to the previous year.

Reducing electricity consumption - in 2021, Discount Bank managed to reduce total electricity consumption by approx. 1.4% compared to the previous year.

The decrease in consumption of energy by Discount Bank in the years 2019-2021, had been affected by the reduction in Head Office and Branch office space, by transition to distance work of employees and by electricity consumption efficiency projects.

The steep decrease in fuel consumption during 2019-2021 resulted from the reduction in employee journeys due to the corona crisis, the transition to hybrid work (incorporating working from home), replacing motor cars by hybrid cars and the large scale retirement of employees at the end of the year 2020.

*Discount Bank’s total energy consumption is the sum of its total electricity consumption added to the total fuel consumption at the Bank.
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. In addition, the Bank has installed in one of the buildings in Yehuda Halevi Street, shower cabins for employees who cycle to work, and also provided parking installations for bicycles, in order to encourage employees to use this means of transportation on their way to work.

The growth in the savings assessment related to transportation of employees in 2021, stems from the low scale of transportation in 2020, on background of the Corona epidemic.

Replacement of the motor vehicle fleet to hybrid vehicles

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. 18 vehicles were replaced in 2021. During the years 2019-2021, a total of 89 vehicles were replaces. This move is expected to reduce the volume of fuel consumption by the Bank and allow the reduction in carbon dioxide emission.

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 13.0% in 2021 (in continuation of a reduction by 17.1% in 2020).

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.

The decrease in paper consumption during 2019-2021 was affected by, among other factors, employees working from home during the corona crisis, transition to hybrid work (incorporating working from home) and measures for reducing the use of paper.

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.

Breakdown of the consumption of energy¹ from various sources at Discount Bank

in GJ² in the years 2018-2021

<table>
<thead>
<tr>
<th>Year</th>
<th>Total electricity consumption</th>
<th>Total fuel consumption (diesel and gasoline)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>132,828</td>
<td>130,723</td>
</tr>
<tr>
<td>2020</td>
<td>144,585</td>
<td>127,828</td>
</tr>
<tr>
<td>2019</td>
<td>154,326</td>
<td>132,286</td>
</tr>
<tr>
<td>2018</td>
<td>167,848</td>
<td>154,566</td>
</tr>
</tbody>
</table>

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’s electricity consumption
kWh, in the years 2018-2021

<table>
<thead>
<tr>
<th>Year</th>
<th>Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>33,291,103</td>
</tr>
<tr>
<td>2020</td>
<td>33,773,135</td>
</tr>
<tr>
<td>2019</td>
<td>34,462,256</td>
</tr>
<tr>
<td>2018</td>
<td>37,102,203</td>
</tr>
</tbody>
</table>

Discount Bank’s fuel consumption
in liters, for employee travel and generators, in the years 2018-2021

<table>
<thead>
<tr>
<th>Year</th>
<th>Fuel Consumption</th>
<th>Gasoline</th>
<th>Diesel for transport</th>
<th>Diesel for generators</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>33,773,135</td>
<td>298,197</td>
<td>23,826</td>
<td>3,205</td>
</tr>
<tr>
<td>2020</td>
<td>34,462,256</td>
<td>325,228</td>
<td>22,716</td>
<td>5,243</td>
</tr>
<tr>
<td>2019</td>
<td>37,102,203</td>
<td>350,000</td>
<td>10,096</td>
<td>14,350</td>
</tr>
<tr>
<td>2018</td>
<td>40,000,000</td>
<td>350,000</td>
<td>4,237</td>
<td>14,600</td>
</tr>
</tbody>
</table>

Discount Bank’s Water Consumption
in m³, in the years 2018-2021

<table>
<thead>
<tr>
<th>Year</th>
<th>Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>350</td>
</tr>
<tr>
<td>2020</td>
<td>300</td>
</tr>
<tr>
<td>2019</td>
<td>255</td>
</tr>
<tr>
<td>2018</td>
<td>234</td>
</tr>
</tbody>
</table>

Discount Bank’s energetic intensity
total kW-h/sq.m., in the years 2018-2021

<table>
<thead>
<tr>
<th>Year</th>
<th>Intensity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>315</td>
</tr>
<tr>
<td>2020</td>
<td>234</td>
</tr>
<tr>
<td>2019</td>
<td>237</td>
</tr>
<tr>
<td>2018</td>
<td>255</td>
</tr>
</tbody>
</table>

Discount Bank’s paper consumption
in tons, in the years 2018-2021

<table>
<thead>
<tr>
<th>Year</th>
<th>Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>433</td>
</tr>
<tr>
<td>2020</td>
<td>381</td>
</tr>
<tr>
<td>2019</td>
<td>315</td>
</tr>
<tr>
<td>2018</td>
<td>275</td>
</tr>
</tbody>
</table>

Estimated savings in Discount Bank’s array of shuttle services (continue)

<table>
<thead>
<tr>
<th>Leaves from</th>
<th>Destination</th>
<th>Daily frequency circuits</th>
<th>Average number of passengers per circuit</th>
<th>Number of operation days</th>
<th>Length of journey (in minutes)</th>
<th>Estimated savings in travel time (in hours)</th>
<th>Estimated savings in fuel per year</th>
<th>Estimated savings in CO₂ emissions per year</th>
</tr>
</thead>
<tbody>
<tr>
<td>160 Herzl St.</td>
<td>Discount Tower and Simtat Beit HaSho’eva</td>
<td>12</td>
<td>10</td>
<td>248</td>
<td>45</td>
<td></td>
<td>63,969 liters</td>
<td>176.2 tons</td>
</tr>
</tbody>
</table>

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.
Recycling and use of recycled materials

The Bank promotes the recycling of materials by its employees. In 2021, approx. 296 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 and electronic waste for recycling. In 2021, approx. 8,500 light bulbs, approx. 35,000 drink bottles, approx. 1,000 batteries and approx. 86.8 tons of electronic waste were sent for recycling.

<table>
<thead>
<tr>
<th>Recycling</th>
<th>Quantities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Approx.</td>
</tr>
<tr>
<td>Light bulbs</td>
<td>8,500</td>
</tr>
<tr>
<td>Drink bottles</td>
<td>35,000</td>
</tr>
<tr>
<td>Batteries</td>
<td>1,000</td>
</tr>
<tr>
<td>Electronic waste</td>
<td>86.8 tons</td>
</tr>
</tbody>
</table>

* Discount Bank’s fields of activity are not associated with hazardous waste. However, notwithstanding, electronic waste is sent to authorized treatment sites, since it is likely to contain hazardous materials, including various metals and gases.

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 gases;
- **Scope 2** – Total indirect emissions deriving from electricity consumption;
- **Scope 3** – Total indirect emissions affected by the operations, but not resulting from. Business flights, paper consumption and its recycling, water consumption and electronic waste are included in this scope.

It is clarified that the calculation of emission within the framework of Scope 3 is partial, due to the fact that it does not include assessment of emission stemming from financial activity.

In 2021, Discount Bank managed to achieve a reduction of approx. 3.2% in its overall carbon footprint, compared to 2020. This, in continuation to a reduction of 11.2% in 2020, compared to 2019. The reduction results from the continuing reduction in emissions in the three Scopes.

The decline in emission from mileage in the years 2020-2021, was affected by factors similar to those that had affected the decline in consumption of petrol – see above.

Emission of additional materials

Discount Bank makes use of refrigerant gases for the air conditioning of its branch and head office buildings. In 2021, the Bank consumed approx. 371.2 kg. of R-22 type refrigerant gas and approx. 188 kg. of R-410 type 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.

As a result of a one-time event due to a failure of batteries, 244.8 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.
Discount Bank’s carbon footprint according to scopes
Carbon dioxide equivalent tons, in the years 2018-2021

<table>
<thead>
<tr>
<th>Year</th>
<th>Scope 1</th>
<th>Scope 2</th>
<th>Scope 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>2,147</td>
<td>16,519</td>
<td>433</td>
<td>19,999</td>
</tr>
<tr>
<td>2020</td>
<td>2,362</td>
<td>16,799</td>
<td>448</td>
<td>19,624</td>
</tr>
<tr>
<td>2019</td>
<td>2,620</td>
<td>11,700</td>
<td>503</td>
<td>22,316</td>
</tr>
<tr>
<td>2018</td>
<td>4,372</td>
<td>20,015</td>
<td>665</td>
<td>24,892</td>
</tr>
</tbody>
</table>

Notes:
1. The computation of the greenhouse gases emission in scope 1 and 2 are based on emission coefficients published by the Israeli Ministry of Environmental Protection for the years 2017-2021.
2. The computation of emission in scope 3 is based on the emission coefficients of DEFRA and GHG Protocol.
3. In 2021, the Bank decided to add to the calculation of Scope 3 the data relating to electronic waste. Electronic waste data for the years 2018-2020 have been reclassified accordingly.

Discount Bank’s mileage emissions
Co2 equivalent tons, in the years 2018-2021

<table>
<thead>
<tr>
<th>Year</th>
<th>Gasoline</th>
<th>Diesel</th>
<th>Employees’ Flights</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>916</td>
<td>64,075</td>
<td>796</td>
<td>916</td>
</tr>
<tr>
<td>2020</td>
<td>907</td>
<td>61,144</td>
<td>702</td>
<td>907</td>
</tr>
<tr>
<td>2019</td>
<td>529</td>
<td>1,363</td>
<td>1,363</td>
<td>529</td>
</tr>
<tr>
<td>2018</td>
<td>355</td>
<td>1,365</td>
<td>1,365</td>
<td>355</td>
</tr>
</tbody>
</table>

The intensity of Discount Bank’s greenhouse gas emissions
Co2/sq. m. equivalent tons, in the years 2018-2021

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.17</td>
<td>0.15</td>
<td>0.14</td>
<td>0.14</td>
<td></td>
</tr>
</tbody>
</table>

Notes:
1. Emissions caused by employee mileage 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.
2. The data for 2020 was reclassified following improvement of data.

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”
A designated project for the savings in paper was put into operation since the beginning of 2017, inter alia, with the aim of turning MDB into an environment friendly green bank. Processes using large quantities of paper and processes in which the use of paper is superfluous have been identified within the framework of the project, and following the mapping and examination of such processes, digital processes have been created and/or such that obviate printing, to the extent possible, within the framework of the regulatory requirements and procedures.

Following are a number of examples of paper reducing: encouraging customers to change to the use of alternative digital channels, green mail, improving functional capabilities of the application, a designated SMS system, etc.; purchase of laptops and tablets for use in meetings; installation of two monitors in each work position enabling the parallel use of two systems, with no need for printing; a digital interface with credit companies and insurance companies allowing the delivery of forms in an easy manner; the printing of forms only if required by regulation. In order to reduce the use of paper at the branches of the bank, Mercantile Discount Bank introduced in 2021 several salient moves: reduced paper expense budget; monitoring of printings at the branch and Head Office units, while paying special attention to the “heavy” printers; removal of

NIS 1.4 MILLION

has been saved in 2021 due to the “Paperless” Project, compared to 2020 — 16.4% — the highest annual saving since the beginning of the project, attaining the goal of 40%
personal printers at Head Office and directing printing to print centers; cancelling the automatic printing of screen photos. Also a digital signature was added to a PDF page for internal signature by managers.

At all branches of the bank having teller stations and quick banker stations, tablets have been distributed for the electronic signing of forms. 

Presentation of proper disclosure at information desks
MDB is required to publish daily proper disclosure at each of its branches. All paper-based notice boards have been replaced by designated digital screens.

In 2021, a digital signature project using tablets was completed at the branches, and tablets have been distributed for the electronic signing of forms at 100% of the branches having teller stations and quick banker stations. This project made a large amount of printed paper material superfluous by being sent for digital archiving. Concurrently, branch documents are being scanned on an ongoing basis by an outside party.

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Breakdown of MDB’s consumption of energy from various sources in GJ units, in the years 2018-2021

<table>
<thead>
<tr>
<th>Year</th>
<th>Electricity Consumption</th>
<th>Fuel Consumption (diesel and gasoline)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>39,184</td>
<td>256,504</td>
</tr>
<tr>
<td>2020</td>
<td>39,435</td>
<td>242,588</td>
</tr>
<tr>
<td>2019</td>
<td>43,914</td>
<td>345,483</td>
</tr>
<tr>
<td>2018</td>
<td>42,464</td>
<td>305,458</td>
</tr>
</tbody>
</table>

Notes:
1. No diesel for generators is consumed at MDB.
2. The increase in consumption of fuel stemmed from the return to routine work of MDB’s employees, following the steep decrease in fuel consumption in 2020, which resulted from the reduction in employee journeys due to the corona crisis.

---

MDB’s paper consumption in tons, in the years 2018-2021

<table>
<thead>
<tr>
<th>Year</th>
<th>Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>186</td>
</tr>
<tr>
<td>2019</td>
<td>176</td>
</tr>
<tr>
<td>2020</td>
<td>155</td>
</tr>
<tr>
<td>2021</td>
<td>121</td>
</tr>
</tbody>
</table>

Note: The electricity consumption at the rental properties of MDB is assessed on the basis of the average kw/h price.
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. Moreover, 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.

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. Following the spreading of the Corona pandemic, the company, as part of its emergency policy, adopted a hybrid work model, combining work from home and the office. As a result, the physical presence at the office has been reduced leading to a reduction in mileage travelled. Between years 2019 to 2021, ICC reduced fuel consumption by approx. 26%.

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. 100% of the paper waste and electronic waste was sent for recycling in 2021.

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 2021, 72% of the transaction statements of the company’s customers are related to the CalMail service, and are delivered to customers as digital statements by e-mail. During this year, approx. 391 thousand customers joined this service out of approx. 1.63 million customers enjoying this service. The use of CalMail saved in 2021 approx. 6.5 million pages and approx. 5.5 million envelopes, compared with 2020. 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.

Reducing electronic waste

ICC sends for recycling in each year 100% of electronic waste.

Breakdown of ICC’s consumption of energy from various sources in GJ, in the years 2018-2021

Note: The decline in consumption of electricity in 2021 stemmed from the transfer of the central computer to data center services (server farm) in Modi’in.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total electricity consumption</th>
<th>Total gasoline consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>21,677</td>
<td>11,834</td>
</tr>
<tr>
<td>2020</td>
<td>26,903</td>
<td>11,454</td>
</tr>
<tr>
<td>2019</td>
<td>24,909</td>
<td>18,066</td>
</tr>
<tr>
<td>2018</td>
<td>21,199</td>
<td>16,595</td>
</tr>
</tbody>
</table>

ICC’s electricity consumption in kW-h, in the years 2018-2021

<table>
<thead>
<tr>
<th>Year</th>
<th>Total electricity consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>6,021,400</td>
</tr>
<tr>
<td>2020</td>
<td>7,473,000</td>
</tr>
<tr>
<td>2019</td>
<td>6,919,036</td>
</tr>
<tr>
<td>2018</td>
<td>6,499,760</td>
</tr>
</tbody>
</table>
ICC’s fuel consumption
in liters, for employee transport and for generators¹, in the years 2018-2021

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>500,641</td>
<td>484,685</td>
<td>345,532</td>
<td>357,000</td>
</tr>
</tbody>
</table>

Notes:
1. Use of emergency power generators by ICC is negligible (a few tens of liters per year).
2. The increase in consumption of fuel in 2021 stemmed from the return of ICC employees to routine work following the decrease in the consumption of fuel in 2020 which stemmed from a decline in employee travel due to the Corona crisis.

ICC’s energetic intensity
total kW-h/sq.m., in the years 2018-2021

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>383</td>
<td>405</td>
<td>438</td>
<td>353</td>
</tr>
</tbody>
</table>

ICC’s paper consumption
in tons, in the years 2018-2021

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>37</td>
<td>34</td>
<td>16</td>
<td>10</td>
</tr>
</tbody>
</table>

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.

IDB Bank
Discount Bank
Goals presented in the previous report

- Achieved Reducing energy consumption by 1% annually.
- Achieved Continuing the replacement of vehicles by hybrid vehicles – replacing 16 additional vehicles.
- Achieved Continue implementing a project for digital signature of documents at the branches.
- Achieved Drawing-up an arrangement for collecting and recycling bags that are used in providing services to the Bank’s customers (usually business customers).

Discount Bank
Goals for the future

- Achieved Reducing energy consumption by 1% annually.
- Achieved Examining financing of additional projects of renewable energy, including the generation of electricity by wind energy.
- Achieved Continuing the process of replacing regular vehicles for hybrids - replacement of a further 10 vehicles.

MDB
Goals for the future

- Achieved Cutting paper consumption by 10% in 2022.
- Achieved Reducing electricity consumption by 1% annually.

MDB
Goals for the future

- Achieved Cutting paper consumption by 10% in 2022.

Green Discount

- Achieved Savings of NIS 1 million in paper consumption in 2021 through:
  - 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.

Green Discount

- Achieved Cutting the Bank’s overall energy consumption by 5%.
- Achieved Increasing the number of customers using digital printouts by 10% in 2021.
- Achieved Continue implementing a project for digital signature of documents at the branches.
- Achieved Cutting paper consumption by 10% in 2021.

Green Discount

- Achieved Cutting paper consumption by 10% in 2022.

Green Discount
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.
CORPORATE GOVERNANCE

Within the Bank’s corporate governance code, it has been determined, that the Board of Directors is responsible for prescribing high standards of conduct, designed to enhance professional conduct and integrity and to integrate them throughout the organization. The Bank acts and will act in accordance with a code of ethics intended to reflect the values of the Bank, to determine proper standards of behavior and fair and transparent conduct with respect to the customers.

Corporate Governance Code for the Discount Group

The Corporate Governance Code, approved by the Bank’s Board of Directors in October 2009, reflects the implementation of a “best practice” policy in the corporate governance field. The Code is based on the provisions of the law and various regulations applying to the Bank in the corporate governance field. In December 2017, the Board of Directors approved updates to the document. The updated document is available for review on the Bank’s website.

This document is designed to present the corporate governance rules that guide the activity of the Discount Group. These rules are intended to govern the conduct of the Discount Group, inter alia, with the aim of ensuring that the Group will manage its risks in a proper and useful manner, will increase its earnings in favor of its shareholders and will act to maintain the interests of its customers. The corporate governance rules detailed in the document reflect the perception of the Discount Group regarding everything relating to the values of the Group, to the decision-making processes, risk management and proper and adequate control and supervision procedures.

Within the framework of the implementation of the corporate governance plan, the Board of Directors approved a work procedure vis-à-vis the subsidiary companies. Moreover, the Bank’s Board of Directors approved a procedure for the approval of transactions with interested parties in the Bank.

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 2013 and was updated most recently in June 2018.

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 2021 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 2021 Annual Report.

Discount Bank’s Organizational Structure Chart*

* The Chart is updated as of December 31, 2021. On April 26, 2022, the Board of Directors approved several organizational changes. See the report for the first quarter of 2022 (p. 199).
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.

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), 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.

Independence of the Board of Directors

The independence of the Board of Directors is as prescribed in the Banking Ordinance, 1941, the Companies Act, The Banking Act (Licensing), 1981, and Proper Conduct of Banking Business Directive No. 301. The appointment of a director at MDB 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 Directors

The Corporation | Discount Bank | MDB | ICC | IDB Bank
--- | --- | --- | --- | ---
Number of directors | 10 | 9 | 7 | 10

Directors qualified as external directors | 10 | 3 | 3 | 4

Of which: External directors | 3 | 1 | 3 | 4

External directors in terms of Directive 301 | 4 | 3 | 3 | 4

Directors with professional qualifications | 10 | 8 | 7 | 6

Directors with accounting and financial expertise | 9 | 5 | 6 | 1

Women | 4 | 3 | 4 | 2
Men | 6 | 6 | 3 | 8

Age:
- Up to 50 | 1 | 2 | 2 | 2
- 51-60 | 2 | - | 3 | 2
- 61-70 | 5 | 7 | 1 | 3
- Over 70 | 2 | - | 1 | 3

Notes:
1. The data is updated through the date of publication of the 2021 Annual Report. ICC – as of March 7, 2022.
3. 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 Act.
4. 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), 2009.
5. The duty to appoint external directors in accordance with the Companies Act does not apply to MDB and to ICC, both being private companies.
6. The provisions of the Companies Act 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.
7. The provisions of the Companies Act 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 expertise or expertise in one or more of the following fields: banking, finance, economics or business, law, management or accounting.
8. Under the Proper Conduct of Banking Business directives, no limit has been placed on the age of a director of a banking corporation.

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, Senior Executive Vice-President of Discount Bank. 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, 2019. Mr. Kaufthal does not hold any other office at IDB Bank.

Activity of the Board of Directors

- In accordance with the Companies Act, 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.

It should be noted that the corporate governance code of the Discount Group, has determined, among other things, principles regarding the duties of the Board of Directors, the manner in which it operates and its independence.

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 September 2020 (at MDB — in December 2019; at ICC — in November 2020).

**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 2021 regarding cyber, financial offences, internal enforcement and environmental, social and governance (ESG) subjects.

**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 99% in 2021. The overall rate of attendance at all the committees of Discount Bank’s Board of Directors stood at 100% in 2021. 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 98.8% in 2021. The overall rate of attendance at meetings of ICC’s Board of Directors stood at 92.6% 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, and of the subsidiaries ICC and MDB; 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 auditor’s internal audit report 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 Remuneration Committee regarding the salary and remuneration 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 Act.

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 remuneration of the independent auditors, as well as examining the scope of their work and their remuneration. 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 with respect thereto in the relevant quarter.

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 Act.

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 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 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 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.

Further, 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 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 the draft prospectus before its submission for approval of the Board and makes recommendations to the Board in all matters 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.

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The Committee holds a quarterly discussion 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.

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. Mr. Kobrinsky, a member of the Committee and Chairman of the Board of Directors, personally follows issues relating to corporate governance.
Committees of the Board of Directors at the Principal Subsidiaries

Mercantile Discount Bank

Operating at MDB are the following committees of the Board of Directors:

Audit & Remuneration, 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 new 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, Remuneration Committee, Technologies, Information and Innovation Committee, and Agreements with Banks Review Committee. The Remuneration 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.

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.

Remuneration Committee

This Committee has been given the duties and powers required pursuant to Amendment No. 20 of the Companies Act and under Proper Conduct of Banking Business Directives.

The Committee discusses and makes recommendations to the Board of Directors regarding the remuneration 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 remuneration.

The Committee discusses the assessment of effectiveness of the remuneration 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 remuneration 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 Act 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.

The corporate governance code of the Discount Group, determines, among other things, that the Board of Directors shall determine a policy and principles for dealing with conflicts of interest, which are intended to protect the Bank from improper or illegal actions or from the influence of those who do not act in accordance with the best interests of the Bank.

Under the powers conferred upon it pursuant to the Companies Act, the Audit Committee of the Board of Directors has established yardsticks concerning transactions between the Bank and interested parties 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 Act.

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 Act.

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 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 2021 Annual Report (p. 329) and the Bank’s periodic report for 2021 (Regulation 26A). For additional details regarding members of Management of Mercantile Discount Bank, see the 2021 annual report of this bank (pp. 227-229 of the Hebrew report). For additional details regarding members of Management of Israel Credit Cards, see the 2021 annual report of this company (pp. 208-211).

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

<table>
<thead>
<tr>
<th>The Corporation</th>
<th>Discount Bank</th>
<th>MDB</th>
<th>ICC</th>
<th>IBB Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of members of Management</td>
<td>13</td>
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<td>9</td>
<td>13</td>
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<tr>
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<tr>
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<td>4</td>
<td>5</td>
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</tr>
<tr>
<td>61 and over</td>
<td>4</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
</tbody>
</table>

* The data is updated through the date of publication of the 2021 Annual Report. ICC – as of March 7, 2022.
The committee’s conclusions and recommendations will be notified to the Supervisor of Banks, in response to the latter’s request to the banks.

The Committee started its work at the beginning of February 2021.

**Remuneration of Senior Officers**

**Remuneration of Directors (Excluding the Chairman of the Board)**

In accordance with Proper Conduct of Banking Business Directive No. 301A ("Directive 301A"), the remuneration 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 remuneration of an external director, in accordance with the Companies Regulations (Rules Applying to Remuneration 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 remuneration of all members of the board of directors, including the chairman, will be fixed remuneration alone.

The amounts of the remuneration 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 remuneration in accordance with the remuneration to which an external director who is not defined as an "expert" is entitled. The remuneration is composed of a fixed annual amount with the addition of remuneration for participation in each meeting of the Board or of one of the committees of the Board. The remuneration does not include any component that is connected to the performance of the Bank.

Directors’ remuneration at MDB is determined in accordance with the Regulations, based on the capital grading relevant to MDB. The annual remuneration of directors, who serve as officers of Discount Bank, is paid to Discount Bank.

Directors’ remuneration 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 remuneration 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 and of the President & CEO of the Bank, see Note 35 to the financial statements as of December 31, 2021 (pp. 313-315).

The letter was published on August 1, 2019 and in it the Supervisor clarified, inter alia, that the terms of office of a chairperson of the board of directors are to be determined in accordance with principles that will ensure that the duties and powers of the chairperson do not deviate from the duties and powers conferred upon him/her by Law, and that the terms of remuneration do not create an “affiliation” and/or might impair the independence of the chairperson. Furthermore, the letter notes that the need to establish the status of the chairperson of the Board as being part of the board of directors and to segregate him from the Management of the bank, including by means of determining his remuneration 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 double importance in the case of a bank having no core controlling interest.

It should be noted that the terms of office that were approved for the Bank’s Chairman of the Board comply with the principles determined by the Supervisor of Banks, as stated in her aforementioned letter.

On December 21, 2021, the Bank received a letter from the Supervisor of Banks in the matter of principles for the determination of terms of office of the Chairman of a Board of a bank having no core controlling interest. In accordance with the letter, the Supervisor would not interfere with the terms of office that are determined until the period to the end of September 2022, and with letters dated June 22, 2021 and September 12, 2021, stating that the Supervisor would not interfere with terms of office that abide by the contents of such letters until the end of September 2021, and the end of December 2021, respectively. The letter extends the validity of the letter of August 2019, which, as stated, determined that the Supervisor would not interfere with the terms of office that are determined after the contents of the letter until the end of 2020, during which period, the Supervisor of Banks would publish the new definitions of office and the terms thereof applying to chairmen of boards of directors of banking corporations having no core controlling interest, by amending the Proper Conduct of Banking Business Directives.

**Remuneration Plan for Officers**

Remuneration policy for officers of the Bank (2020-2022) – At a special general meeting held on March 18, 2020, it was resolved to approve the remuneration policy for the Bank’s officers for the years 2020 through 2022, in accordance with Section 267A of the Companies Act. The remuneration policy will remain in force for a period of three years from the date of the general meeting’s approval.

The Bank’s remuneration policy is subject, inter alia, to the provisions of the Companies Act, the Supervisor’s directives and the Remuneration Act.
It should be noted, that the Companies Act (Section 267A) states, among other things, that the majority of votes at the general meeting, which approves the remuneration 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 remuneration policy.

For further details regarding the remuneration plan for officers of the Bank, see Note 23 to the financial statements as of December 31, 2021 (pp. 218-222).

Mechanism for the reimbursement of variable remuneration – Directive 301A states that variable remuneration 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 remuneration, see the document "Disclosure according to the third pillar of Basel and additional information regarding risks", available for perusal on the Internet (pp. 112-119). For details regarding remuneration at MDB, see "Additional disclosure according to the third pillar of Basel - as of December 31, 2021" (pp. 107-114 of the Hebrew report). The said report is available on the website of MDB. For details regarding the remuneration plan for the CEO of ICC, its managers and employees, see the annual report of the company for 2021 (pp. 151-153) and the "Additional disclosure according to the third pillar of Basel" - 2021 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.

Internal audit constitutes a layer in the maintenance of proper corporate governance. Internal audit performs independent and objective control and reflects an image of the Bank’s conduct, concurrently with comprising a third line of defense for control management and examination of the effectiveness of risk management at 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, 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 2021 Annual Report (pp. 330-333).

The Internal Auditor of MDB is Ms. Tsiiona Cohen, who has served in this position since August 2012. For details regarding the internal audit at MDB, see the 2021 annual report of this bank (pp. 229-231 of the Hebrew report).

The Internal Auditor of ICC is Ms. Lilach Zilber-Tal, 30 who has served in this position since September 2021. For details regarding the internal audit at ICC, see the 2021 annual report of ICC (pp. 211-213).

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 was Mr. Avi Levi31 officiating from July 21, 2016 and until February 22, 2022 and also served as Head of the Risk Management Division. The Chief Risk Officer is a member 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 he 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.

Among the main tasks of the Division:

- Monitoring and current reporting to management and the Board of Directors, as required by the bank’s corporate governance, including monitoring and reporting to the Board of Directors in fulfilling its duties regarding risk management.
- 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 remuneration 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

30 Until date of appointment of Ms. Zilber-Tal, the office was filled by Mr. Nir Abel, the Internal Auditor of Discount Bank.
31 Mr. Levi was appointed as Head of the Corporate Division as of February 21, 2022 and from this date Mr. Ami Rozin, Deputy Head of the Division, serves as Acting Head of the Risk Management Division. On April 26, 2022, the Board of Directors approved the appointment of Ms. Orit Caspi as the Chief Risk Officer and as the Head of the Division. At date of publication of this Report, the appointment has not as yet been approved by the Supervisor of Banks.
THE RISK MANAGEMENT DIVISION IS INVOLVED IN MATERIAL PROCESSES AND PROJECTS, SUCH AS: SUPPORTING THE STRATEGIC PLANNING AND ACCOMPANYING STRATEGIC AND BUSINESS PROCESSES

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 2021 Annual Report (pp. 66-117) 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 was Mr. Paul Caulfield, who has served in this position from July 2017 and until January 2022. 22

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 2021 annual report of this bank (pp. 36-69 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 2021 annual report of ICC (pp. 45-73), 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

The corporate governance code of the Discount Group states as follows: "The Board of Directors is responsible for setting high standards of conduct, designed to promote professional conduct and honesty, 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 customers feel toward the Bank. Hence the importance of management of fraud and embezzlement risks.

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 on a current and dynamic basis 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.

The risk survey conducted at the Bank and at companies in the Group, within the framework of which are examined, inter alia, fraud and embezzlement risks, covers a period of three years and is repeated every three years. The triennial risk survey continued in 2021. As part of the survey, the operational risks are re-examined, including the fraud and embezzlement risks of the units of the Bank and of the Group. In addition, each manager of a risk center 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.

An independent control function operates at each division, which serves as a first line of defense and is used, inter alia to identify suspicious activity.

Second line of defense – The Risk Management Division, in its role as the second line of defense, defines the operational risk management policy, which includes a designated chapter regarding 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 mitigation plans prescribed for them. The operational risk management department has established a designated unit – the embezzlement and fraud risk management unit. Among the unit’s duties are: increasing awareness of this issue, current monitoring of irregular transactions, reporting them, where required, to the internal audit function, etc. An advanced system for monitoring irregular activity of employees is operated since 2019.

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 internal audit function at MDB applies specific procedures to all Bank employees. These procedures are designed to ensure that all employees are aware of the expected standards of conduct and to provide a mechanism for reporting events that may indicate potential irregularities.

The internal audit function at the Bank, at ICC and at MDB, performs audits of the manner in which embezzlement and fraud events are handled, and 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.

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 “Facelink”, the central tool for intra-organizational communication, details are provided regarding the “hot-line” and its aims, within the framework of “complaints and reporting centers”.

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.
Prevention of Corruption at the Principal Subsidiaries

MDB
In 2021, a number of special investigations were performed on employee accounts – no irregular activity was revealed. In addition, as a result of information received by the internal audit function, two exceptional events relating to employee activity were examined, following the investigations, 3 employees concerned terminated their employment with the Bank and other employees were reprimanded or had their promotion path impacted.

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.

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.

Within the Bank’s corporate governance code, it has been determined, that the Board of Directors is responsible for prescribing high standards of conduct, designed to enhance professional conduct and integrity and to integrate them throughout the organization. The Bank acts and will act in accordance with a code of ethics intended to reflect the values of the Bank, to determine proper standards of behavior and fair and transparent conduct with respect to the customers. This is achieved, inter alia, through creating an environment and organizational culture that places emphasis on high standards of business management – of integrity, decency, fairness and honesty – all while safeguarding the customer’s privacy.

The duty of the Board of Directors and management was established to protect employees who report illegal actions, unethical actions or such that might impair integrity, against disciplinary actions or other negative implications toward them.

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 the framework of drawing up an organized work process and convening a quarterly forum for mapping international regulation provisions that might have to be applied by the Bank and the subsidiaries.

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-à-vis the customers.

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.

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 and the Finance of Terror

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. 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 law.

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.

The subject of the prohibition of money laundering and the financing of terror has become in recent years one 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 training and learning sessions for employees by means of frontal studies, computerized courseware made available to the branches and Head Office units, knowledge tests and case studies. Employees are also exposed to updated information via the Bank’s Intranet 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 2021, on any of the corporations that are covered by this report with respect to non-compliance with laws and regulations.

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 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.
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:

1. **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.

2. **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.

3. **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.

4. **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.

Goals

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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 from Shibolet ESG for controlling of the report.

Thanks to Adi Rubinstein 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 corporate commitment, 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: 076-8055673
- By fax: 03-6836141
- By email: anat.sigman@dbank.co.il
- The Bank’s employees are also invited to react through the intranet website

By mail to:
Israel Discount Bank Ltd. - Human Resources Division,
41, Yehuda Halevi Street, Tel Aviv,
c/o Ms. Anat Sigman, in charge of social responsibility
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35 For the materiality Disclosure Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with the appropriate sections in the body of the report. The service was performed on the English version of the report.
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<td>109</td>
<td>110</td>
<td>110</td>
<td>1, 2, 6</td>
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<tr>
<td>102-44</td>
<td>Key topics and concerns raised</td>
<td>14-17</td>
<td>14-17</td>
<td>14-17</td>
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</table>

**REPORTING PRACTICE**

<table>
<thead>
<tr>
<th>GRI Standard</th>
<th>Disclosure</th>
<th>Discount Bank</th>
<th>MDB</th>
<th>ICC</th>
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<tbody>
<tr>
<td>102-45</td>
<td>Entities included in the consolidated financial statements</td>
<td>22-23</td>
<td>22-23</td>
<td>22-23</td>
<td>22-23</td>
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<td>102-47</td>
<td>List of material topics</td>
<td>17</td>
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</tr>
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</table>

**GRI 103: MANAGEMENT APPROACH 2016**

<table>
<thead>
<tr>
<th>GRI Standard</th>
<th>Disclosure</th>
<th>Discount Bank</th>
<th>MDB</th>
<th>ICC</th>
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<tbody>
<tr>
<td>103-1</td>
<td>Explanation of the material topic and its Boundary</td>
<td>44-45</td>
<td>44-45</td>
<td>44-45</td>
<td>44-45</td>
<td></td>
</tr>
<tr>
<td>103-2</td>
<td>The management approach and its components</td>
<td>44-45</td>
<td>44-45</td>
<td>44-45</td>
<td>44-45</td>
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<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>44-45</td>
<td>44-45</td>
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</table>

**GRI 201: ECONOMIC PERFORMANCE 2016**

<table>
<thead>
<tr>
<th>GRI Standard</th>
<th>Disclosure</th>
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<th>ICC</th>
<th>IDB Bank</th>
<th>UNCG - cop</th>
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<tr>
<td>201-1</td>
<td>Direct economic value generated and distributed</td>
<td>44-45</td>
<td>44-45</td>
<td>44-45</td>
<td>44-45</td>
<td></td>
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<tr>
<td>201-2</td>
<td>Financial Implications and other risks and opportunities due to climate change</td>
<td>178-183</td>
<td>178-183</td>
<td>178-183</td>
<td>178-183</td>
<td>7</td>
</tr>
<tr>
<td>201-3</td>
<td>Defined benefit plan obligations and other retirement plans</td>
<td>120-122</td>
<td>126-127</td>
<td>126-127</td>
<td>126-127</td>
<td></td>
</tr>
<tr>
<td>201-4</td>
<td>Financial assistance received from government</td>
<td>Not received during reported period</td>
<td></td>
<td></td>
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<tr>
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<td>103-1 Explanation of the material topic and its Boundary</td>
<td>45 45 45 45</td>
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<td>103-2 The management approach and its components</td>
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<td></td>
<td>103-3 Evaluation of the management approach</td>
<td>45 45 45 45</td>
<td>No Specific requirement by the COP</td>
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</tr>
<tr>
<td>GRI 203: INDIRECT ECONOMIC IMPACTS 2016</td>
<td>203-1 Infrastructure investments and services supported</td>
<td>77-79, 154-155, 169, 169-170, 174, 169-171, 174</td>
<td>No Specific requirement by the COP</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>203-2 Significant indirect economic impacts</td>
<td>45 45 45 45</td>
<td>No Specific requirement by the COP</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>GRI 103: PROCUREMENT PRACTICES 2016</td>
<td>204-1 Proportion of spending on local suppliers</td>
<td>148-153 152 152 152</td>
<td>No Specific requirement by the COP</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 103: MANAGEMENT APPROACH 2016</td>
<td>103-1 Explanation of the material topic and its Boundary</td>
<td>221-223 221-223 221-223 221-223</td>
<td>10</td>
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<td>221-223 221-223 221-223 221-223</td>
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<tr>
<td></td>
<td>103-3 Evaluation of the management approach</td>
<td>221-223 221-223 221-223 221-223</td>
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<tr>
<td>GRI 205: ANTI-CORRUPTION 2016</td>
<td>205-1 Operations assessed for risks related to corruption</td>
<td>221-223 224 224 224</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>205-2 Communication and training about anti-corruption policies and procedures</td>
<td>221-223 224 224 -</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>205-3 Confirmed incidents of corruption and actions taken</td>
<td>221-223 224 224 -</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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  - Explanation of the material topic and its Boundary
  - The management approach and its components
  - Evaluation of the management approach
- **GRI 401: EMPLOYMENT 2016**
  - New employee hires and employee turnover
  - Benefits provided to full-time employees that are not provided to temporary or part-time employees
  - Parental leave

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- **GRI 103: MANAGEMENT APPROACH 2016**
  - Explanation of the material topic and its Boundary
  - The management approach and its components
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  - Average hours of training per year per employee
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  - Ratio of basic salary and remuneration of women to men
<table>
<thead>
<tr>
<th>GRI Standard</th>
<th>Disclosure</th>
<th>Disclosures</th>
<th>Page number in the report/ Direct answers</th>
<th>UNCG - cop</th>
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</thead>
<tbody>
<tr>
<td>GRI 103: MANAGEMENT APPROACH 2016</td>
<td>103-1 Explanation of the material topic and its Boundary</td>
<td>103, 112 103, 112 103, 112 103, 112</td>
<td>1, 2, 6</td>
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<tr>
<td></td>
<td>103-2 The management approach and its components</td>
<td>103, 112 103, 112 103, 112 103, 112</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>103-3 Evaluation of the management approach</td>
<td>103, 112 103, 112 103, 112 103, 112 117</td>
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<tr>
<td>GRI 406: NON-DISCRIMINATION 2016</td>
<td>406-1 Incidents of discrimination and corrective actions taken</td>
<td>115 115 115 -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 103: MANAGEMENT APPROACH 2016</td>
<td>103-1 Explanation of the material topic and its Boundary</td>
<td>156 156 156 156</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>103-2 The management approach and its components</td>
<td>156 156 156 156</td>
<td>No Specific requirement by the COP</td>
<td></td>
</tr>
<tr>
<td></td>
<td>103-3 Evaluation of the management approach</td>
<td>156 156 156 156</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 413: LOCAL COMMUNITIES 2016</td>
<td>413-1 Operations with local community engagement, impact assessments, and development programs</td>
<td>154-155 159 158 170 170-173 -</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>413-2 Operations with significant actual and potential negative impacts on local communities</td>
<td>179-180 180 180 - No Specific requirement by the COP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FS13</td>
<td>Access points in low-populated or economically disadvantaged areas by type</td>
<td>64-70 71-72 72 72</td>
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<td></td>
</tr>
<tr>
<td>FS14</td>
<td>Initiatives to improve access financial services for disadvantaged people</td>
<td>64-70 71-72 72 72</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Principles of the Global Compact Initiative**

Discount Bank expresses support of the ten principles of the Global Compact initiative of the United Nations, and acts for the advancement of these principles.

Following is a list of the principles of the initiative:

<table>
<thead>
<tr>
<th>Principle</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human rights</td>
<td>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;</td>
</tr>
<tr>
<td>Standards of employment</td>
<td>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;</td>
</tr>
<tr>
<td>The environment</td>
<td>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;</td>
</tr>
<tr>
<td>Anti-corruption</td>
<td>10. Businesses should work against corruption in all its forms, including extortion and bribery.</td>
</tr>
</tbody>
</table>

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36 Link to the official website of UNGC: [http://www.unglobalcompact.org](http://www.unglobalcompact.org)
Appendices Customers

Complaints and enquiries data at Discount Bank*

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complaints and enquiries received</td>
<td>5,223</td>
<td>4,202</td>
<td>2,976</td>
<td>2,668</td>
</tr>
<tr>
<td>Complaints and enquiries dealt with</td>
<td>5,110</td>
<td>3,988</td>
<td>2,875</td>
<td>2,769</td>
</tr>
<tr>
<td>Completion of dealing with complaints</td>
<td>3,880</td>
<td>3,601</td>
<td>2,206</td>
<td>2,191</td>
</tr>
<tr>
<td>Completion of dealing with enquiries, requests and clarifications</td>
<td>1,230</td>
<td>385</td>
<td>669</td>
<td>636</td>
</tr>
<tr>
<td>Percentage of justified complaints</td>
<td>34.0%</td>
<td>24.5%</td>
<td>21.4%</td>
<td>15.1%</td>
</tr>
</tbody>
</table>

* 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 complaints at Discount Bank

 Distribution of the subjects of main complaints at Discount Bank

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>The quality of service</td>
<td>21.4%</td>
<td>19%</td>
<td>18%</td>
<td>15%</td>
</tr>
<tr>
<td>Means of payment</td>
<td>15%</td>
<td>13%</td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td>Credit</td>
<td>34.0%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional operations</td>
<td>10%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current accounts</td>
<td>18%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>10%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>10%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Rate of justified complaints at MDB

 Distribution of the subjects of main complaints at MDB

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>The quality of service</td>
<td>17.7%</td>
<td>16.5%</td>
<td>27.2%</td>
</tr>
<tr>
<td>Means of payment</td>
<td>13.3%</td>
<td>15.9%</td>
<td>34.2%</td>
</tr>
<tr>
<td>Credit</td>
<td>19.7%</td>
<td>13.4%</td>
<td>19.3%</td>
</tr>
<tr>
<td>Additional operations</td>
<td>7%</td>
<td>4%</td>
<td>8.5%</td>
</tr>
<tr>
<td>Current accounts</td>
<td>8.4%</td>
<td>4.5%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Other</td>
<td>6.5%</td>
<td>4.5%</td>
<td>4.5%</td>
</tr>
</tbody>
</table>

Notes:

1. The percentage of justified complaints is computed out of the total number of complaints where a position was taken.
2. Of the complaints data presented for 2018, 2% of the justified complaints dealt with services provided by Discount Bank and under its responsibility.

Complaints regarding disturbance to the vicinity

Discount Bank received one complaint during 2021. The complaint was with regard to noise caused by an air conditioner at one of the head offices buildings and was dealt with.

No complaints were received in 2021 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 2021.

On November 9, 2021, the Supervisor of Banks published a survey of enquiries made by the public to the Supervisor of Banks in relation to 2020. The details were brought in the 2020 Corporate Responsibility Report.

Rate of justified complaints at ICC

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>The quality of service</td>
<td>12.7%</td>
<td>19.6%</td>
</tr>
<tr>
<td>Means of payment</td>
<td>18.7%</td>
<td>18.0%</td>
</tr>
<tr>
<td>Credit</td>
<td>13.3%</td>
<td>15.9%</td>
</tr>
<tr>
<td>Additional operations</td>
<td>10%</td>
<td>8.5%</td>
</tr>
<tr>
<td>Current accounts</td>
<td>19.7%</td>
<td>13.4%</td>
</tr>
<tr>
<td>Other</td>
<td>4.5%</td>
<td>17.1%</td>
</tr>
</tbody>
</table>

Customer complaints to the Bank of Israel at the main subsidiaries in Israel

MDB

Details regarding the total complaints submitted to the Bank of Israel and passed for response to MDB in 2020 were brought in the 2020 Corporate Responsibility Report.

ICC

Details regarding the total complaints submitted to the Bank of Israel and passed for response to ICC in 2020 were brought in the 2020 Corporate Responsibility Report.
Appendices

Employees

General notes:
1. 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.
2. 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. At the beginning of 2022, the Bank began to implement the change in its systems.
3. Following an examination that was carried out while preparing the 2019 annual report, 83 persons that were previously deemed to be service providers have been defined as outsource employees and have been added to the Bank’s manpower data as of December 31, 2019.
4. The employee data calculation which is based on the total of the Bank’s employees, was based on a figure of 5,199 employees, which does not include the 83 employees referred to in note 2 above.

Employees of Discount Bank and its principal subsidiaries

<table>
<thead>
<tr>
<th></th>
<th>As of December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td>Discount Bank</td>
<td>4,883</td>
</tr>
<tr>
<td>MDB3</td>
<td>1,450</td>
</tr>
<tr>
<td>ICC3</td>
<td>1,468</td>
</tr>
<tr>
<td>IDB Bank</td>
<td>524</td>
</tr>
</tbody>
</table>

Notes:
1. The data in this chart include an additional group, as specified in general note no. 1 above.
2. Including employees in maternity leave.
3. The data do not include Outsourcing.

Breakdown of employees by gender

<table>
<thead>
<tr>
<th></th>
<th>As of December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td>Discount Bank</td>
<td>1,927</td>
</tr>
<tr>
<td>MDB3</td>
<td>621</td>
</tr>
<tr>
<td>ICC3</td>
<td>418</td>
</tr>
<tr>
<td>IDB Bank</td>
<td>293</td>
</tr>
</tbody>
</table>

Notes:
1. Including employees on maternity leave.
2. The data do not include Outsourcing.
3. A writer's mistake was corrected - a change between the number of women and the number of men.

Breakdown of employees by geographic distribution

<table>
<thead>
<tr>
<th></th>
<th>As of December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td>Discount Bank</td>
<td>502</td>
</tr>
<tr>
<td>Central Region</td>
<td>467</td>
</tr>
<tr>
<td>lowlands Region</td>
<td>616</td>
</tr>
<tr>
<td>Northern Region</td>
<td>472</td>
</tr>
<tr>
<td>Headquarters (Tel-Aviv)</td>
<td>2,826</td>
</tr>
<tr>
<td>Total</td>
<td>4,883</td>
</tr>
</tbody>
</table>

Notes:
1. Discount Bank and MDB’s data include tenured employees and temporary employees.
2. In 2021, the definition of ICC’s data was changed. The comparison data were reclassified accordingly.
3. The Discount Bank data includes 2 employees of Discount Leasing Company.

Breakdown of employees by type of engagement

<table>
<thead>
<tr>
<th></th>
<th>As of December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td>Discount Bank</td>
<td>3,144</td>
</tr>
<tr>
<td>MDB</td>
<td>1,317</td>
</tr>
<tr>
<td>ICC</td>
<td>1,347</td>
</tr>
<tr>
<td>Total</td>
<td>5,822</td>
</tr>
</tbody>
</table>

Notes:
1. Including employees of software houses and TeleBank service center workers.
2. The data in this chart include an additional group, as specified in general note no. 3 above.
3. Includes outsource workers and does not include employees on unpaid leave and female employees on maternity leave.
4. Regard "stable employees", see general note no. 2 above.

Breakdown of employees by age

<table>
<thead>
<tr>
<th></th>
<th>As of December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td>Discount Bank</td>
<td>Up to 30</td>
</tr>
<tr>
<td></td>
<td>31-50</td>
</tr>
<tr>
<td></td>
<td>Over 50</td>
</tr>
<tr>
<td>Total</td>
<td>4,947</td>
</tr>
</tbody>
</table>

Notes:
1. Includes employees of software houses and TeleBank service center workers.
2. The data in this chart include an additional group, as specified in general note no. 3 above.
3. Includes outsource workers and does not include employees on unpaid leave and female employees on maternity leave.
4. Regarding "stable employees", see general note no. 2 above.

Discount Bank

Tenured employees, under personal contracts and members of Management
Temporary employees
Manpower company employees
Outsourcing
Total

MDB

Tenured employees, under personal contracts and members of Management
Temporary employees
Manpower company employees
Software house
Total

ICC

Tenured employees, under personal contracts and members of Management
Temporary employees
Outsourcing
Total

Notes:
1. Includes employees of software houses and TeleBank service center workers.
2. The data in this chart include an additional group, as specified in general note no. 3 above.
3. Includes outsource workers and does not include employees on unpaid leave and female employees on maternity leave.
4. Regarding "stable employees", see general note no. 2 above.

Note:
* See above general note No. 4.
### Position partiality

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Men</td>
<td>Women</td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td>Discount Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full-time position</td>
<td>1,803</td>
<td>2,531</td>
<td>4,334</td>
<td></td>
</tr>
<tr>
<td>Part-time position</td>
<td>124</td>
<td>425</td>
<td>549</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1,927</td>
<td>2,956</td>
<td>4,883</td>
<td></td>
</tr>
<tr>
<td>MDB</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full-time position</td>
<td>597</td>
<td>814</td>
<td>1,411</td>
<td></td>
</tr>
<tr>
<td>Part-time position</td>
<td>5</td>
<td>34</td>
<td>39</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>602</td>
<td>848</td>
<td>1,450</td>
<td></td>
</tr>
</tbody>
</table>

### Diversity among employees

**Women in the different grades**

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Men</td>
<td>Women</td>
<td>Men</td>
<td>Women</td>
</tr>
<tr>
<td>Discount Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board of Directors</td>
<td>4</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Managers</td>
<td>409</td>
<td>445</td>
<td>499</td>
<td>51</td>
</tr>
<tr>
<td>Of which: Branch managers and above¹</td>
<td>56</td>
<td>64</td>
<td>66</td>
<td>43</td>
</tr>
<tr>
<td>Clerks</td>
<td>2,547</td>
<td>2,517</td>
<td>2,668</td>
<td>63.2</td>
</tr>
<tr>
<td>MDB</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board of Directors</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>22</td>
</tr>
<tr>
<td>Managers</td>
<td>184</td>
<td>173</td>
<td>186</td>
<td>40</td>
</tr>
<tr>
<td>Clerks</td>
<td>664</td>
<td>652</td>
<td>597</td>
<td>65.6</td>
</tr>
<tr>
<td>ICC</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board of Directors</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td>50</td>
</tr>
<tr>
<td>Managers</td>
<td>168</td>
<td>170</td>
<td>170</td>
<td>56</td>
</tr>
<tr>
<td>Clerks</td>
<td>900</td>
<td>849</td>
<td>959</td>
<td>75</td>
</tr>
</tbody>
</table>

**Note:**

¹ Including members of Management.

### Average seniority and age

**For the year ended on December 31**

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Average age</td>
<td>Average seniority</td>
<td>Average age</td>
</tr>
<tr>
<td>Discount Bank</td>
<td>43.7</td>
<td>13.7</td>
<td>43.7</td>
</tr>
<tr>
<td>MDB</td>
<td>44.6</td>
<td>15.3</td>
<td>44.2</td>
</tr>
<tr>
<td>ICC</td>
<td>36.0</td>
<td>8.7</td>
<td>37.0</td>
</tr>
<tr>
<td>IDB Bank</td>
<td>49.0</td>
<td></td>
<td>49.0</td>
</tr>
</tbody>
</table>

### Average seniority – IDB Bank

**For the year ended on December 31**

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of employees</td>
<td>Rate of employees</td>
<td>Number of employees</td>
</tr>
<tr>
<td>Less than 1 year</td>
<td>77</td>
<td>14.7</td>
<td>19</td>
</tr>
<tr>
<td>1-9 years</td>
<td>276</td>
<td>52.7</td>
<td>333</td>
</tr>
<tr>
<td>10-19 years</td>
<td>114</td>
<td>21.7</td>
<td>120</td>
</tr>
<tr>
<td>20-29 years</td>
<td>37</td>
<td>7.1</td>
<td>37</td>
</tr>
<tr>
<td>30-39 years</td>
<td>14</td>
<td>2.7</td>
<td>16</td>
</tr>
<tr>
<td>40 years and more</td>
<td>6</td>
<td>1.1</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>524</td>
<td>100.0%</td>
<td>532</td>
</tr>
</tbody>
</table>

### Employee turnover

**Breakdown of new employees by gender**

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Men</td>
<td>Women</td>
<td></td>
</tr>
<tr>
<td>Discount Bank</td>
<td>190</td>
<td>378</td>
<td>337</td>
</tr>
<tr>
<td>MDB</td>
<td>26</td>
<td>63</td>
<td>41</td>
</tr>
<tr>
<td>ICC</td>
<td>75</td>
<td>251</td>
<td>327</td>
</tr>
<tr>
<td>Total</td>
<td>326</td>
<td>568</td>
<td>490</td>
</tr>
</tbody>
</table>

**Note:**

The data include temporary employees and tenured employees.

### Breakdown of new employees by age

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Up to 30</td>
<td>31-50</td>
<td>Over 50</td>
</tr>
<tr>
<td>Discount Bank</td>
<td>352</td>
<td>179</td>
<td>37</td>
</tr>
<tr>
<td>MDB</td>
<td>40</td>
<td>48</td>
<td>1</td>
</tr>
<tr>
<td>ICC</td>
<td>263</td>
<td>58</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>326</td>
<td>210</td>
<td>455</td>
</tr>
</tbody>
</table>

**Note:**

The data include temporary employees and tenured employees.
### Breakdown of leaving employees by gender

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Discount Bank</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td>255</td>
<td>244</td>
<td>234</td>
</tr>
<tr>
<td>Women</td>
<td>415</td>
<td>602</td>
<td>401</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>670</td>
<td>846</td>
<td>635</td>
</tr>
<tr>
<td><strong>MDB</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td>49</td>
<td>63</td>
<td>31</td>
</tr>
<tr>
<td>Women</td>
<td>50</td>
<td>73</td>
<td>44</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>99</td>
<td>136</td>
<td>75</td>
</tr>
<tr>
<td><strong>ICC</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td>101</td>
<td>124</td>
<td>120</td>
</tr>
<tr>
<td>Women</td>
<td>330</td>
<td>276</td>
<td>306</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>434</td>
<td>400</td>
<td>426</td>
</tr>
</tbody>
</table>

**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

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Discount Bank</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Up to 30</td>
<td>268</td>
<td>183</td>
<td>285</td>
</tr>
<tr>
<td>31-50</td>
<td>215</td>
<td>144</td>
<td>197</td>
</tr>
<tr>
<td>Over 50</td>
<td>181</td>
<td>519</td>
<td>153</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>670</td>
<td>846</td>
<td>635</td>
</tr>
<tr>
<td><strong>MDB</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Up to 30</td>
<td>22</td>
<td>16</td>
<td>14</td>
</tr>
<tr>
<td>31-50</td>
<td>56</td>
<td>23</td>
<td>31</td>
</tr>
<tr>
<td>Over 50</td>
<td>21</td>
<td>97</td>
<td>30</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>99</td>
<td>136</td>
<td>75</td>
</tr>
<tr>
<td><strong>ICC</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Up to 30</td>
<td>318</td>
<td>229</td>
<td>305</td>
</tr>
<tr>
<td>31-50</td>
<td>99</td>
<td>120</td>
<td>114</td>
</tr>
<tr>
<td>Over 50</td>
<td>17</td>
<td>51</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>434</td>
<td>400</td>
<td>426</td>
</tr>
</tbody>
</table>

### Mobility of employees

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Discount Bank</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>892</td>
<td>857</td>
<td>716</td>
</tr>
<tr>
<td><strong>MDB</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>329</td>
<td>296</td>
<td>233</td>
</tr>
<tr>
<td><strong>ICC</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>166</td>
<td>95</td>
<td>187</td>
</tr>
</tbody>
</table>

### Breakdown of employees by reasons of leaving

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Discount Bank</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Encouraged retirement</td>
<td>-</td>
<td>72</td>
<td>72</td>
</tr>
<tr>
<td>Natural retirement and leaving</td>
<td>48</td>
<td>88</td>
<td>136</td>
</tr>
<tr>
<td>Of which: termination of contract</td>
<td>44</td>
<td>27</td>
<td>71</td>
</tr>
<tr>
<td>Resignation</td>
<td>372</td>
<td>57</td>
<td>429</td>
</tr>
<tr>
<td>Dismissal (imposed by the Bank)</td>
<td>24</td>
<td>4</td>
<td>28</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>445</td>
<td>225</td>
<td>670</td>
</tr>
</tbody>
</table>

| **MDB** |      |      |      |
| Encouraged retirement | -   | 4    | 4    |
| Natural retirement and leaving | -   | 12   | 12   |
| Resignation | 38   | 27   | 65   |
| Dismissal (imposed by the Bank) | 11  | 1    | 12   |
| Other   | 3    | 3    | 6    |
| **Total** | 52   | 47   | 99   |

| **ICC** |      |      |      |
| Natural retirement and leaving | 10  | 30   | 10   |
| Resignation | 311  | 205  | 283  |
| Dismissal (imposed by the company) | 113 | 159  | 130  |
| Other   | 6    | 6    | 9    |
| **Total** | 434  | 400  | 426  |

**Notes:**
1. Of which passed away: 2019 - 6; 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.
5. 102-48.
Maternity leave

<table>
<thead>
<tr>
<th></th>
<th>For the year ended on December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td>Discount Bank</td>
<td></td>
</tr>
<tr>
<td>Eligible for maternity leave</td>
<td>101</td>
</tr>
<tr>
<td>Went on maternity leave</td>
<td>3</td>
</tr>
<tr>
<td>Returned from leave</td>
<td>3</td>
</tr>
<tr>
<td>Employees who were still employed 12 months after returning to work</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>MDB</td>
<td></td>
</tr>
<tr>
<td>Eligible for maternity leave</td>
<td>62</td>
</tr>
<tr>
<td>Went on maternity leave</td>
<td>-</td>
</tr>
<tr>
<td>Returned from leave</td>
<td>-</td>
</tr>
<tr>
<td>Employees who were still employed 12 months after returning to work</td>
<td>-</td>
</tr>
</tbody>
</table>

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 2021 - Number of male/female employees who returned to work after a maternity leave and stayed to work - as of April 1, 2022.
   b. 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.
   c. Data for 2019 - Number of male/female employees who returned to work after a maternity leave and stayed to work - as of April 1, 2020.
3. For MDB:
   a. Data for 2021 - Number of male/female employees who returned and stayed to work - as of December 31, 2021.
   b. Data for 2020 - Number of male/female employees who returned and stayed to work - as of December 31, 2020.
   c. Data for 2019 - Number of male/female employees who returned and stayed to work - as of December 31, 2019.

Employees absence

<table>
<thead>
<tr>
<th></th>
<th>For the year ended on December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td>Discount Bank</td>
<td></td>
</tr>
<tr>
<td>Absence in respect of paid sick days</td>
<td>19,460</td>
</tr>
<tr>
<td>Absence rate</td>
<td>5.48%</td>
</tr>
<tr>
<td>Accidents</td>
<td>11</td>
</tr>
<tr>
<td>MDB</td>
<td></td>
</tr>
<tr>
<td>Absence in respect of paid sick days</td>
<td>5,498</td>
</tr>
<tr>
<td>Absence rate</td>
<td>5.72%</td>
</tr>
<tr>
<td>Accidents</td>
<td>1,038</td>
</tr>
<tr>
<td>ICC</td>
<td></td>
</tr>
<tr>
<td>Absence in respect of paid sick days</td>
<td>3,769</td>
</tr>
<tr>
<td>Absence rate</td>
<td>6.61%</td>
</tr>
<tr>
<td>Accidents</td>
<td>5</td>
</tr>
</tbody>
</table>

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.

Events involving customers and employees, who resulted in the activation of insurance policy

<table>
<thead>
<tr>
<th></th>
<th>For the year ended on December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td>Discount Bank</td>
<td></td>
</tr>
<tr>
<td>Customers (third party)</td>
<td>2</td>
</tr>
<tr>
<td>Employees (employers’ liability)</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>3</td>
</tr>
<tr>
<td>MDB</td>
<td></td>
</tr>
<tr>
<td>Customers (third party)</td>
<td>6</td>
</tr>
<tr>
<td>Employees (employers’ liability)</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>7</td>
</tr>
<tr>
<td>ICC</td>
<td></td>
</tr>
<tr>
<td>Customers (third party)</td>
<td>2</td>
</tr>
<tr>
<td>Employees (employers’ liability)</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>11</td>
</tr>
</tbody>
</table>

Employee training

Average training hours per employee

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount Bank</td>
<td>29</td>
<td>26.3</td>
<td>32</td>
</tr>
<tr>
<td>MDB</td>
<td>22.6</td>
<td>20.3</td>
<td>47</td>
</tr>
</tbody>
</table>

Details of employee training data at Discount Bank

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total frontal instruction days</td>
<td>26,446</td>
<td>18,605</td>
<td>22,527</td>
</tr>
<tr>
<td>Interactions Computer-Mediated Learning</td>
<td>26,218</td>
<td>21,369</td>
<td>41,863</td>
</tr>
<tr>
<td>Average training hours per employee</td>
<td>29</td>
<td>26.3</td>
<td>32</td>
</tr>
<tr>
<td>Average days per employee</td>
<td>5.3</td>
<td>4.15</td>
<td>3.7</td>
</tr>
<tr>
<td>Cost of training – in NIS million</td>
<td>8.5</td>
<td>6.9</td>
<td>8.9</td>
</tr>
</tbody>
</table>

Feedback interviews of employees

Percentage of employees who received feedback

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
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<td>99%</td>
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</tr>
<tr>
<td>ICC</td>
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</tbody>
</table>
## Wage differences between female and male employees

**Discount Bank**

<table>
<thead>
<tr>
<th>Numbering of groups included in the breakdown</th>
<th>Percentage of the average monthly wage differential (before tax) of all personnel employed (part time and full time positions)</th>
<th>Portion of average employment</th>
<th>The ratio of male employees whose wages are lower than the average monthly wage for a full time position at the workplace, in accordance with the chosen breakdown</th>
<th>The ratio of female employees whose wages are lower than the average monthly wage for a full time position at the workplace, in accordance with the chosen breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
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<td>15%</td>
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</tr>
<tr>
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<td>*</td>
<td>*</td>
</tr>
<tr>
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<td>41%</td>
</tr>
<tr>
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<td>100%</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
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<td>100%</td>
<td>*</td>
<td>*</td>
</tr>
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<td>50%</td>
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<td>8%</td>
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<tr>
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<td></td>
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</tr>
<tr>
<td>16</td>
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<td>100%</td>
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</tr>
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<td>100%</td>
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<td></td>
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<td>*</td>
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<td>17%</td>
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</tr>
<tr>
<td>29</td>
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<td>100%</td>
<td>33%</td>
<td>21%</td>
</tr>
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<td>30</td>
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<td>100%</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>31</td>
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<td>38%</td>
<td>25%</td>
</tr>
<tr>
<td>32</td>
<td>-16%</td>
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<td>16%</td>
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<td>34</td>
<td>-8%</td>
<td>100%</td>
<td>20%</td>
<td>31%</td>
</tr>
</tbody>
</table>

### Notes:

1. This group comprises 6 employees (4 female and 2 male), the female employees of this group have an average seniority of about twice the average seniority of the male employees and therefore their wage is higher.
2. This group comprises 18 employees (15 female and 3 male), the female employees of this group have a significantly wider employment experience than the male employees and therefore their wage is higher.
3. This group comprises 35 employees (32 female and 3 male), the male employees of this group have an average seniority of about thrice the average seniority of the female employees and therefore their wage is higher.

### General Notes:

1. The ratios in respect of employees engaged on a part-time basis and employees engaged on a full-time basis are not presented separately, because the ratio of employees engaged by the Bank on a part-time basis is very low (only approx. 2% of the total workforce). For the purpose of this analysis, their wages have been normalized to a full-time position wage. The Bank has no employees entitled under an agreement or arrangement to payments complementing their wages to the minimum wage.
2. Groups marked by an asterisk (*) are groups comprised of one gender.
3. The mark (·) denotes a gap in favor of the male employees of the group, and a number over 0 denotes a gap in favor of the female employees of the group.
### Wage differences between female and male employees

#### MDB

<table>
<thead>
<tr>
<th>Group</th>
<th>Ratio of gross salary to tax</th>
<th>The percentage of women whose salary is lower than the average salary</th>
<th>The percentage of men whose salary is lower than the average salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>-4%</td>
<td>47%</td>
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<td>50%</td>
</tr>
<tr>
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<td>2%</td>
<td>46%</td>
<td>57%</td>
</tr>
<tr>
<td>4</td>
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<td>53%</td>
</tr>
<tr>
<td>5</td>
<td>-10%</td>
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</tr>
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<td>55%</td>
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<td>60%</td>
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<td>50%</td>
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</tr>
<tr>
<td>14</td>
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<td>100%</td>
<td>63%</td>
</tr>
</tbody>
</table>

#### Notes:
1. The wage comparison is based on a wage normalized to a full-time position and for a full year of employment.
2. A wage ratio lower than 0 denotes a gap in favor of male employees.
3. The ratios in respect of employees engaged on a part-time basis and employees engaged on a full-time basis are not presented separately, because the ratio of employees engaged by the Bank on a part-time basis is very low (only approx. 3% of the total workforce).
4. The Bank has no employees entitled under an agreement or arrangement to payments complementing their wages to the minimum wage.

#### ICC

<table>
<thead>
<tr>
<th>Group</th>
<th>Percentage of wage gaps of all employees engaged by the employer (part-time + full-time)</th>
<th>Percentage of wage gaps of all employees engaged by the employer (full-time)</th>
<th>Percentage of wage gaps of all employees engaged by the employer (part-time)</th>
<th>Portion of average employment of the Group</th>
<th>Percentage of employees whose wage is lower than the average monthly wage for a full-time position</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gross wages + employer contributions</td>
<td>Gross wages + employer contributions</td>
<td>Gross wages + employer contributions</td>
<td></td>
<td>Gross wages + employer contributions</td>
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<td>-5%</td>
<td>-100%</td>
<td>100%</td>
<td>44%</td>
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<td>-8%</td>
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<td>100%</td>
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<tr>
<td>12</td>
<td>-8%</td>
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<td>-100%</td>
<td>100%</td>
<td>44%</td>
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<td>80%</td>
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<tr>
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<td>75%</td>
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<td>50%</td>
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</tr>
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<td>100%</td>
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<tr>
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<td>-12%</td>
<td>-100%</td>
<td>100%</td>
<td>50%</td>
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<td>-7%</td>
<td>-5%</td>
<td>-14%</td>
<td>98%</td>
<td>65%</td>
</tr>
</tbody>
</table>

#### Notes:
1. The matter involves homogenous groups of employees, which do not engage employees of both genders, and therefore, in accordance with the provisions of the Law and its purpose, it is not possible to compare the wages of male and female employees of such groups.
2. The matter involves groups that engage only one male or female employee, and therefore presentation of the data related to such groups may violate the privacy rights of employees of such groups. Therefore, in accordance with the provisions of the Law and its purpose, it is not possible to compare the wages of male and female employees of such groups.

#### General Notes:
* The company has no employees entitled to payments complementing their wages to the minimum wage.
** 0.9% of the company’s employees are engaged in specialized positions that have no comparable referral groups.
*** The wage differences presented in this analysis are affected by items such as on-call payments, overtime payments, global overtime payment differences, payments in respect of shift work and in respect of different personal characteristics that do not relate to gender differences.
Appendices Community

Scope of expenditure of the Discount Group in respect of activities for the community

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct expense</strong></td>
<td>19,442</td>
<td>10,865</td>
<td>9,866</td>
</tr>
<tr>
<td><strong>Sponsorships¹</strong></td>
<td>1,271</td>
<td>1,021</td>
<td>950</td>
</tr>
<tr>
<td><strong>Direct current cost of operating the Hezelienblum Museum²</strong></td>
<td>-</td>
<td>-</td>
<td>2,188</td>
</tr>
<tr>
<td><strong>Miscellaneous expenses³</strong></td>
<td>254</td>
<td>373</td>
<td>599</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>20,967</td>
<td>12,259</td>
<td>13,603</td>
</tr>
</tbody>
</table>

Notes:
1. A small part of the expense regarding sponsorships has been taken into account – only sponsorships for social associations.
2. Guidance team payroll and building maintenance.
3. Expenses for preparing various reports in relation to Corporate Responsibility.
4. As of 2021 it was decided not to include in the indirect expenses - payroll (payroll for staff of the social responsibility unit and certain other factors who were directly engaged in social responsibility matters as part of their regular working hours). The data for 2019 and 2020 were reclassified accordingly.

Appendices Green Discount

Greenhouse gas emissions in 2019-2021

<table>
<thead>
<tr>
<th></th>
<th>Scope 1</th>
<th>Scope 2</th>
<th>Scope 3</th>
<th>Total emissions</th>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>2,187</td>
<td>16,559</td>
<td>453</td>
<td>19,199</td>
</tr>
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<td>16,799</td>
<td>463</td>
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</tr>
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<td>2,620</td>
<td>18,780</td>
<td>910</td>
<td>22,310</td>
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<td></td>
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<td>2021</td>
<td>568</td>
<td>4,337</td>
<td>148</td>
<td>5,053</td>
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<tr>
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<td>4,907</td>
<td>169</td>
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<tr>
<td>ICC</td>
<td>835</td>
<td>2,995</td>
<td>10</td>
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<tr>
<td>2020</td>
<td>860</td>
<td>3,717</td>
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<td>4,593</td>
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<td>1,133</td>
<td>3,711</td>
<td>33</td>
<td>4,936</td>
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</tbody>
</table>

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 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 in 2021, and the annual¹ savings deriving from them

<table>
<thead>
<tr>
<th>Type of activity</th>
<th>Description</th>
<th>Investment in NIS thousands</th>
<th>Annual energy savings (in kWh)</th>
<th>Annual GHG emissions reduction (CO2e tons)</th>
<th>Expected annual financial savings¹ (estimate in NIS²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy efficiencies in buildings¹</td>
<td></td>
<td>5,170</td>
<td>57,487</td>
<td>29</td>
<td>260,509</td>
</tr>
<tr>
<td>Energy efficiencies in buildings¹</td>
<td></td>
<td>5,170</td>
<td>57,487</td>
<td>29</td>
<td>260,509</td>
</tr>
<tr>
<td>Energy efficiencies in buildings¹</td>
<td></td>
<td>718</td>
<td>14,372</td>
<td>7</td>
<td>62,127</td>
</tr>
<tr>
<td>Buildings – reduction of space¹</td>
<td></td>
<td>-</td>
<td>410,173</td>
<td>204</td>
<td>284,564</td>
</tr>
<tr>
<td>Total year 2021</td>
<td></td>
<td>5,888</td>
<td>482,032</td>
<td>240</td>
<td>610,200</td>
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<tr>
<td>Total year 2020</td>
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<td>4,003</td>
<td>689,121</td>
<td>376</td>
<td>1,564,108</td>
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<td>Total year 2019</td>
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<td>6,750</td>
<td>2,639,947</td>
<td>1,483</td>
<td>1,551,048</td>
</tr>
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</table>

Notes:
2. In accordance with actual savings data, estimated as a percentage of the total financial savings.
3. Annual GHG emissions reduction (CO2e tons) is based on the emission coefficients known at the time of publication of the current report.
4. Annual GHG emissions reduction (CO2e tons) is based on the emission coefficients known at the time of publication of the corporate responsibility report for 2020.
## 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

<table>
<thead>
<tr>
<th>The Forum</th>
<th>Number of meetings in 2021</th>
<th>Summed up rate of participation</th>
<th>Number of meetings in 2020</th>
<th>Summed up rate of participation</th>
<th>Number of meetings in 2019</th>
<th>Summed up rate of participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors plenum</td>
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<td>99.0</td>
<td>38</td>
<td>99.7</td>
<td>33</td>
<td>96.3</td>
</tr>
<tr>
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<td>7</td>
<td>100.0</td>
<td>9</td>
<td>98.4</td>
</tr>
<tr>
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<td>95.0</td>
</tr>
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<td>16</td>
<td>100.0</td>
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<td>97.1</td>
</tr>
<tr>
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<td>100.0</td>
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<td>93.3</td>
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<tr>
<td>Remuneration Committee</td>
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<td>Percentage of employees who received feedback</td>
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<td>Scope of expenditure of the Discount Group in respect of activities for the community</td>
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<td>Attendance at meetings of the Board of Directors and its committees</td>
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