

HUMAN RIGHTS POLICY

Overview

Bank Leumi works to protect human rights in all aspects of its activity, and is committed to responsible, transparent and fair management of human rights protection. Accordingly, Leumi is committed to comply with the legal requirements, including the provisions of Basic Law: Human Dignity and Liberty and Basic Law: Freedom of Occupation, among other things, as they relate to freedom of association, prevention of discrimination and inequality.

The Bank attached importance to the recognition of the universal principles and norms of human rights assurance set forth in the UN Global Compact and the conventions of the International Labor Organization (ILO), in particular UN Guiding Principles on Business and Human Rights (UNGPs), which constitute a global framework for the advancement of human rights by corporations, regardless of their duty to uphold human rights under the laws of the country in which they operate.

The Bank's main activity in the field of human rights and in protecting them relates to several key stakeholders: employees, vendors and customers, as specified below.

Alongside this Human Rights Policy, the Bank has established an internal control program to oversee its implementation.

This Policy and the enforcement program that ensures its implementation are the product of a dynamic and integrative process that includes dialogue with relevant stakeholders, and experts in the relevant fields, and is adapted to the relevant activity of the Bank and its impact on society and the environment.

In addition, the Bank advances assimilation, training and monitoring activities for the assimilation of the various aspects of human rights that are specified in this Policy.

Details of various aspects of this Policy in terms of employees, vendors and customers is also available in the Bank's Environmental, Society and Governance report, published annually together with the Bank's financial statements.

Employees

Bank Leumi's most important asset is the human resource that is the force that propels the Bank to lead and succeed. Therefore, Leumi sees great importance in investing in employees and in professional development, while adapting their knowledge to the evolving world of banking. Leumi employees benefit from a leading value proposition in the financial system alongside a pleasant, caring and empowering work environment.

Bank Leumi adheres to behavioral norms in the work environment and maintains proper employment conditions, including human rights such as child labor, and is thoroughly against human trafficking and forced employment (aspects regulated by laws and regulations).

The Leumi Group's policy of diversity and equal opportunity is embodied in several main areas: hiring employees from diverse populations, with an emphasis on under-employed sectors of society such as the Arab population, Ethiopian immigrants and Haredim. This is done by adapting the criteria for admission and providing purpose-led reliefs and gender equality of opportunity throughout Leumi Group's areas of activity, at all levels and in all fields.

The human factor is the basis for Leumi Group's work and success, as the Group attaches great importance to nurturing and developing its employees with the aim of arousing in them a sense of pride and belonging to their workplace, thus continuing to attract persons of high quality. Leumi's management supports the business units and their achieving their business goals by encouraging learning, training and development processes that are focused on improving the professional and managerial abilities of employees and managers, in their attachment to Leumi and in adapting to the evolving environment.

Leumi works to provide a safe work environment for its employees and all the visitors in the Bank's branches and offices. Leumi has adopted the ISO 45001 standard on occupational safety and health, which requires professional preparation for maintaining safety and health, and for managing the safety array according to a "continuous improvement" model. In accordance with the requirements, Leumi

implements, among other things, a safety risk management process, which includes identification of risk factors, risk assessment and control of risks.

Leumi views cases of workplace discrimination, harassment, and bullying with the utmost seriousness and is dedicated to addressing them promptly and comprehensively. Any complaint in any of these matters, as it concerns a job applicant, employee or former employee, is examined in depth by the relevant persons in charge in the bank.

Customers

With regard to human rights aspects of the Bank's activities towards its customers, Leumi makes sure to provide banking services to all citizens and/or residents of the State of Israel in accordance with the law and the Bank's policy, and advances financial inclusion in its activities.

The Bank ensures transparent and fair conduct in order to provide its customers with valuable services and products. This principle is reflected in the Bank's vision – "To lead proactive, innovative and responsible banking for customers and to accelerate growth with the customers in focus".

In the context of the right to equality, Bank Leumi's policy to facilitate financial inclusion includes the Bank's commitment to renew and expand the range of financial services available to the Bank's customers, including for disadvantaged groups, such as minorities, the elderly, youth, residents of distant areas, low-income earners and young people.

Leumi sees importance in adapting service and social action for senior citizens in an era of increasing longevity that sees growth in the share of seniors in the population. Leumi aims to create an improved and adapted service envelope for senior citizens.

Bank Leumi attaches great importance to providing equal, respectful and considerate service to all customers and to improving the service provided to customers with disabilities (including physical, sensory (visual and hearing impairment), mental or intellectual).

The Bank examines various credit provision processes such as increased compliance and/or regulation risks that may put financing of the transaction at risk, environmental aspects, as well as the risk exposure component resulting from safety deficiencies in the work environment as part of the range of relevant risks taken into account when reviewing credit and making credit decisions. In addition, social risk aspects, including safety, employment and negative impact on the community, are examined. Accordingly, if significant risks arise in the underwriting process, an examination is carried out to the manner of managing this risk to the company.

In financing real estate transactions and/or obtaining real estate securities, the Bank includes, in its considerations and underwriting processes and due diligence of the transaction, aspects relating to certainty in all that pertains to land ownership, environmental aspects relating to soil contamination and other aspects. Violations of various aspects of the environment and/or human rights may also constitute a cause for immediate repayment.

In its credit policy, the Bank maintains an outline in which exceptional transactions undergo escalation processes, where it becomes necessary that the Bank's CEO serves as the chair of the credit committee in approving the specific transaction, including due to the complexity of the case, the risk inherent in the case (including reputational risk), or for any other reason.

Vendors and Suppliers

The Bank implements due diligence processes to proactively and systematically identify potential impact on human rights and where it may occur in the contracts with contract personnel companies and other vendors.

The Bank ensures the protection of the rights of employees of external contractors in accordance with the law. If the Bank receives a complaint from a contractor's employee regarding a breach of employment conditions, the Public Inquiries Office monitors how the contractor acts on the complaint.

In the Bank's ongoing activities to mitigate risks relating to human rights, the Bank periodically updates the contracts with companies in these areas, ensuring that the terms of the agreements are compliant with the changing legal requirements. In addition, in the Bank's contracts with contract workers, an external wage examiner performs periodic monitoring reports to assess the terms of employment of the contractor's employees, including reviewing wage data and their compliance with the various provisions of the law. As necessary, legal opinions are drawn up regarding the contractors' compliance with labor laws. The Bank conducts ongoing monitoring of claims filed by contractor employees against the contractor regarding violation of their terms of employment. Any case where the Bank is notified of a breach of rights of contractor employees is fully and rapidly tended by the Public Inquiries Office, the professional unit involved and the legal counsel department.

It is important to note that when recurrent breaches of the contractual provisions with the contractors and/or the provisions of the law, the Bank acts to terminate the contract with the contractors that failed to meet the required standards.

With regard to human rights in the Bank's supply chain processes, it is noted that the Bank's undertaking to protect human rights is embedded in the procurement processes with suppliers and service providers. In this context, the Bank makes sure that in the process of signing contracts, vendors declare that they comply with the provisions of labor law in the employment of their workers. Companies that provide security, cleaning and catering services are required to comply, in addition to the provisions of the general laws, with the provisions of the Increasing Enforcement of Labor Laws Law.

Leumi conducts periodic sample checks through qualified wage examiners for the purpose of the vendor companies' compliance with the labor laws applicable to these areas, in accordance with the provisions of the law. The results of these examinations are reviewed by the Bank, which ensures that the detected deficiencies are repaired. If it turns out that the deficiencies have not been corrected to the Bank's satisfaction, the Bank considers terminating the contract with them. In addition, these companies are required to provide the Bank with securities to ensure their compliance with the terms of the contract. These securities are kept and used, among other things, to ensure payment to their employees under the law and to safeguard their rights.