

Statement on Business Ethics

Leumi's worldview and the norms to which the Group is committed grew and developed out of recognition of its significant role in maintaining Israel's economic and social fabric. In 2005, they were drafted into a comprehensive, binding framework entitled the Leumi Way, the Israeli banking system's first Code of Ethics. A second, revised draft was issued in 2014. In 2020, the Code of Ethics was revised and currently incorporates - under a single roof - alongside laws, regulatory directives and internal procedures, clear and practical rules of conduct which were drafted with respect to conduct in all of the Banks spheres of reference, both internal and external. The rules apply to customers, employees, suppliers, investors, the general public, society and the community, in issues such as corruption, legal conduct, ethical conduct, fairness to customers, safekeeping assets, as well as maintaining secrecy and customer's information. The Code of Ethics was drafted in collaboration with representatives from all divisions of the Bank and was approved by the Board of Directors of the Bank and its management.

The Code of Ethics and conduct expresses Leumi's corporate spirit since its founding and its constant striving to comply with the highest standards of ethical, moral and responsible conduct with all its stakeholders: Customers, investors, suppliers and employees. The document outlines the Group's vision and core values and provides a practical plan for handling ethical dilemmas, as well as details ways of contacting those in charge of the issue.

Leumi operates in accordance the values and way defined by the paper, while continually examining the changes taking place in the social and business environment, adapting itself and outlining the courses of action the Group wishes to follow and how to go about them.

Bank Leumi is committed to adhering to the Code of Ethics and ethical business conduct. As such, the Bank is committed to take relevant action to locate, identify in advance and prevent material ethical risks.

The Code of Ethics obligates all those involved in working for the Group and on its behalf: members of the Board of Directors, management and employees, and is instilled across the Bank's units, in line with the nature of their activities, including in the subsidiaries.

Leumi takes steps to foresee possible conflicts of interest and prevent them from occurring. Whenever there is a concern of conflict of interests, employees are instructed to act according to the Code of Ethics.

The person responsible for the ethics in the Leumi Group is the Head of Human Resources Division. The Organizational Development and Learning Department is responsible for refreshing, updating and implementing the Code of Ethics, as well as for conducting training programs. The Headquarters, Work Relations and Staff Administration Subdivision is responsible for management of the employee hotlines on ethics-related issues.

The field is managed by:

The Ethics Committee: an entity comprising representatives from units spanning the entire organization that convenes throughout the year, as needed.

From time to time, the committee's representatives examine the Code of Ethics' relevance in light of the changing business reality and develop methods for instilling the Code of Ethics in the various units.

Furthermore, they discuss general ethics-related issues arising from the field, and they conduct assessments of ethics-related risks at least once a year, based on findings emerging from the various channels. Accordingly, the Bank conducts assessments to identify ethics-related risks and opportunities.

Implementation of the Code of Ethics in all units: Each year, Leumi conducts cross-organizational activities to implement ethics and core values using tutorials, incorporating the topic in the messages issued at the corporate and unit levels and holds customized activities on the topic in the divisions and units. The topic is also incorporated in employee surveys and employee review processes.

External employees and suppliers involved in contractual engagements with Bank Leumi are committed to acting in accordance with the organization's rules of ethics and they undergo specially tailored training on Bank Leumi's Code of Ethics.

Incorporating ethics into training programs: Ethics is integrated into training programs and orientation days held for new employees.

The Conduct Committees: exist in the various divisions and deal, among others, with the routine implementation and management of this issue, identification of organization-wide phenomena, etc.

Ethics hotlines: Leumi encourages a working culture of proper conduct, transparency and assuming personal and organizational responsibility, as well as open and effective communication. Ethics hotlines are available to the employees that can be accessed via a variety of means on a 24/7 basis, anonymously or openly, in order to report ethics-related issues or consult with regard to them. The hotlines are committed to providing a quick, efficient and professional response.

- Ethics hotline – email address for the employees to write to and consult regarding ethical dilemmas and conflicts of interest.
- Speak-Up – a platform via which the employees are able to report in the event of concern over a breach of laws, regulatory requirements, procedures and rules of conduct. The inquiries are handled in an objective and unbiased manner. The inquiry is made by submitting a form on the Code of Ethics website in knowledge management or by a form on the Leumi One app available on cellphone or by making contact via one of the reporting hotlines by: telephone, mail, fax, email, letter or personal approach. When making an anonymous inquiry, the individual will receive a code enabling him to keep track of the status of handling that inquiry, without the need for identification.

Once a year, all the complaints are collated and mapped out and an assessment of the ethics-related risks regarding those complaints is then made. Issues that are deemed to require further attention are then integrated within the online tutorials.

Audit: the Internal Audit Division conducts dedicated audits on a variety of fields of ethical conduct, as part of its multi-year work plan.

Whistleblowing policy

Leumi sees every one of its employees as a partner in the proper management of the Bank. Leumi therefore expects employees to immediately report any unusual activity to their managers. In addition, every employee, of any rank, may inquire and report about a concern over irregular activity via a variety of channels, either openly or anonymously, by telephone, mail, fax, email, the Bank website, a dedicated app, letter or personal approach, and thus have an impact on creating a safe and value-based work environment.

Every employee may submit an inquiry on issues related to bribery and corruption, in respect of any prohibited or inappropriate activity that he deems fit, including concern of embezzlement by employees, and to report this to the Internal Audit Division, which then engages in an investigation and passes on its conclusions and recommendations to the relevant functions at the Bank.

Mechanisms for safeguarding the identity of individuals reporting irregular activity:

Leumi attaches great importance to maintaining reporting channels that will allow the Bank's employees to report on various issues and to establishing mechanisms for protecting the identity of the reporting parties. The Bank regards each and every one of its employees as a partner to the proper management of the organization and as such expects them to report any unusual activity immediately. Leumi offers employees several channels to report any unusual activity. Contact information is published to employees on the Ethical Code website, while allowing for strict confidentiality regarding the identity of the reporting party. Under the code, the status and position of employees expressing concerns or reporting on bribery and corruption violations, will not be harmed as a result of their reporting. Each application is addressed impartially, with a commitment to confidentiality and protection of the identity of the relevant individuals, in accordance with the Law for Protection of Employees (Exposure of Offenses, of Unethical Conduct and of Improper Administration), 1997. Leumi is committed to protecting any employee who files a complaint or assists another employee who reported an irregular event, and will not cause their dismissal. If necessary, the Bank will provide the employee with adequate protection from adverse consequences.

Information on the actions performed by Leumi in this context can be found in the ESG Report and on the Bank's website.