

The Ethical Code
Of Clal Insurance and Finance

Message from the Chairman

All companies must act in an honest and decent manner, in managing their business and in the level of service it provides its customers. Clal Insurance and Finance is a leading company that manages public funds and the responsibility we bear in managing long-term savings plans and insurance policies are considerable.

The ethical code of the Clal Insurance and Finance Group is the system of values deriving from this responsibility, and expresses not only our commitment to operate in accordance with laws and regulations, but serves as the Group's moral compass in its day-to-day activity.

The ethical code instructs us to take into account the Company's good in its broadest sense – we are committed to operating fairly and honestly for the benefit of our policy holders, customers and the saving public, while striving to generate a maximum yield for our shareholders and strengthen the Company's financial fortitude.

This ethical obligation is borne by all of us, the Company's Board of Directors, Management and workers.

Together, we will maintain our ethical code, and strengthen the pillars that protect our fortitude as a leading Israeli company.

Message from the CEO

As a public company, we assign a great deal of importance to observing strict principles and procedures in all matters connected to the management of our reports, as well as to operating in accordance with the highest ethical standards, while being committed to full and appropriate public transparency and open communications with our stakeholders.

The ethical code of the Clal Insurance and Finance Group is based on the Group's vision and values, and reflects the organizational culture, the principles and the ethical standards implemented in the Group's areas of activity and within the framework of the reciprocal relationships between it and its stakeholders.

This code defines the appropriate rules or behavior and norms, expected from the Group's employees and managers, with the intention of reinforcing the Company as Israel's leading insurance company, while placing an emphasis on excellence, quality of service, professionalism, innovation, fairness, reliability and courtesy, and achieving improvement.

I expect each and every one of you, the Group's workers and executives, to act responsibly, to implement the principles of the ethical code in the Group and operate according to it, in order to ensure the Group's continued success and to keep it strong.

Yoram Naveh, CEO
Clal Insurance and Finance Group

Principles and Limits of Ethical Code

The ethical code expresses the values of the Clal Insurance and Finance Group in its relationship with each of its stakeholders, and is designed to guide its workers and executives in making decisions and provide assistance in choosing the right course of action in cases of ethical dilemma with no clear answer in law, regulation or procedure.

The code applies to all workers and executives of Clal Insurance and Finance, including its subsidiaries. It's important to emphasize that nothing in this document may detract from the law and from the procedures of the Clal Insurance and Finance Group and the ethical code does not come to replace them. The Clal Insurance and Finance Group expects that its partners, the agents and vital suppliers with whom it works, be familiar with the ethical code and operate in accordance with its principles.

What is an ethical dilemma?

In our day-to-day work, we may encounter ethical dilemmas that force us to make a decision on the correct and proper course of action.

An ethical dilemma is a situation in which values, principles and behavioral norms come into conflict.

Dilemmas are created in situations in which laws and procedures lack an express answer on how to behave, when there generally are several alternatives that can be taken, and we must apply our judgement and decide the most appropriate course of action.

How can we estimate whether the method we selected is appropriate?

We employ 3 ethical tests:

The Pillow Test

How will I feel about my decision when I go to sleep at night? Will I be able to sleep better at night after I made the decision I made?

The Child Test

Will I be proud of my decision and tell my child what I decided? Would I expect them to make act in a manner similar to how I acted?

The Mirror Test

Would I be able to look at myself in the mirror and justify the decision I made to myself?

Vision of the Clal Insurance and Finance group

“To be the leading group in the Israeli long-term insurance and savings market

Striving to increase the value of the Group and generate maximum value for its shareholders, while placing an emphasis on increasing profitability, improving customer support, innovation in services and products, technological leadership, preserving the high-quality human resource and constantly striving towards excellence.”

Core Values of the Clal Insurance and Finance Group

Service and Professionalism

The Clal Insurance and Finance Group, which serves millions of customers hundreds of insurance agents and hundreds of employers in Israel, has dedicated itself to constant improvement in the field of customer service. We do this both through constant improvement in the classical service processes in which we place an emphasis on availability, the personal touch, response culture and a high level of familiarity with our customers, and through digital service processes allowing us to provide a simple and convenient service experience, 24 hours a day, any place and any time.

The Group strives for excellence in a every area, which is expressed in deepening the knowledge and the high level of professionalism the Company's workers must display in all areas of work at the Group, with no exceptions. We invest a great many resources in improving our information systems, with a commitment to the proper management of the great deal of information we have accumulated on every stakeholder we have come in contact with. This striving for excellence and constant learning, allows us to provide our customers with a suitable response both in products and in services, and gives them a sense of true value and high yields across the years.

Fairness and Caring

Fairness and caring are basic values when it comes to managing our relationships with customers and other stakeholders, who come in contact with us in our day-to-day work. We strive for full transparency of information, clarity and simplicity, while providing full protection for the privacy and confidentiality of the information given us, in accordance with the law. Relationships with our customers are generally ongoing and long-term and we are committed to operating in a fair and caring manner, every step of the way. We offer each customer products suitable to their needs and ensure that despite the complexity of the industry's products, customers receive all the information they require to understand the level of coverage they have purchased and their rights in any product or service in their possession.

Innovation and Daring

The Clal Insurance Group is a leader in innovation in the Israeli insurance industry and frequently launches innovative products and services, which meet the needs of the Company's customers and agents to stay up to date and operate in an innovative world, including in the field of traditional insurance. Thanks to the innovation of Clal Insurance and Finance, the Company's customers and agents can enjoy maximum flexibility in managing their interface with the Company, through sites and applications, on their personal computers, tablets and mobile phones, with clear and easy to operate interfaces. In the field of products, the Company from time to time launches new coverages in accordance with new needs on the market, as well as packages of coverages and personal proposals adapted to each and every customer, in accordance with the knowledge accumulated from previous coverage.

The Stakeholders

The Clal Insurance and Finance Group strives to realize the values of each of the stakeholders it works with:

Clal

Insurance and Finance

Suppliers

Customers

Agents

Share/debenture holders

Reinsurers

Community and Environment

Regulators and Authorities

Competitors

Workers and management

Board of Directors

Workers and Management of Clal Insurance and Finance Group

- First and foremost, we show respect and decency to any human being, whoever they may be.
- We believe in relationships based on mutual respect and trust, and nurture a pleasant work environment between the Company and all of its stakeholders.
- The management of the Clal Insurance and Finance Group takes care to employ workers with no discrimination on the basis of gender, background, religion or nationality or any other characteristic, and makes sure to provide equal opportunities and create diversity and acceptance of its various workers.
- The management of the Clal Insurance and Finance Group believes in a policy of zero tolerance of any displays of violence, abuse or harassment of any sort.
- The management of the Clal Insurance and Finance Group invests in advancing the professionalism of its employees, nurtures their abilities and provides them with tools and infrastructure that promotes excellence. We engage in constant development and learning from our ongoing work and encourage innovation and creativity.
- The management of Clal Insurance and Finance strives to engender a sense of belonging and loyalty among its workers.
- We strive for honesty, incorruptibility, personal and professional integrity and work to prevent corruption.
- We strive to create synergy at work and advance cooperation, while seeing our shared purpose and making sure to create open channels of communications and transfer information in a simple and fast manner.
- We operate efficiently, from our full commitment to the goals of the Clal Insurance and Finance Group, while make sure to see the big picture, and show initiative and caring.
- We make decisions in a professional, rational and educated manner, in accordance with the authorities granted us.
- Executives and workers at the Clal Insurance and Finance Group are instructed to provide a personal example in their behavior, in their decisions and in their actions, part and parcel with the Company's values.
- We act to maintain business confidentiality and protect any professional or personal information of the Group, its workers and customers, including intellectual property.
- The workers and executives of the Clal Insurance and Finance Group are instructed to avoid conflicts of interest, competition with the Company's business and taking advantage of business opportunities and their own positions for their personal benefits. Among other things, they are precluded from accepting or giving gifts and kickbacks.
- We protect the Group's assets and property.
- The management of the Clal Insurance and Finance Group strives to create the proper balance for its employees between the Company's needs and those of their families.
- The management of Clal Insurance and Finance acts to safeguard the health and safety of its employees.
- We are committed to acting in a proper and professional manner, taking responsibility for our actions and statements in the physical and online worlds.

What is abuse?

Repeated behavior, taking place at a number of separate events, that is capable of creating a hostile work environment for another person.

The Company Board of Directors

- The Board of Directors is committed to the good of the Company and all of its stakeholders.
- The Company takes care to follow a proper corporate regime in all matters pertaining to the work of the Board of Directors, while maintaining a high level of professionalism, following proper decision making processes, observing current command and control processes and making reliable reports to inside and outside factors

Customers

- We place our customers at the center and are committed to take care to show them respect at any time and under any conditions, while attending to their needs and protecting the privacy and confidentiality of the information provided us, in accordance with our values and with the law.
- We recognize the complexity of the insurance product and act to make it as simple as possible. Within this framework, we strive to act transparency and present our customers with the relevant information, in as accessible, understandable, simple and clear a manner as possible.
- We consider service and professionalism a key value and make sure to use the extensive knowledge and experience in our possession, in order to give our customers the best possible response.
- We constantly act to improve the Company's products and adapt them to the changing needs of our customers.
- We invest a great deal of resources in training the Group's employees and the insurance agents, in order to provide our customers with skilled professionals and make service more accessible using the newest and most advanced technological measures.
- We act to provide our customers with a variety of channels of communications, accessible and continuous service, a proper and efficient response to their needs, and to provide solutions within a reasonable period of time.
- We allocate resources and particular attention to receiving feedback from our customer, for the sake of constant improvement. Our commitment to this process is consistent and incessant.
- We are committed to granting our customers all of the rights they are entitled to, in accordance with policy and with the law.
- We do our best to fix our mistakes and learn lessons for the future.
- We are committed to reliable, transparent and non-harmful advertising.

Agents

- We see our agents as partners on our path and in our business, and believe that they are a key foundation stone of our customer service.
- We act to provide our agents with professional, efficient and high-quality service.
- We invest resources and a great deal of attention to ongoing and open dialog with our agents, for feedback and to improve service.
- We constantly operate to make our services accessible, using advanced and innovative technological measures.
- We operate transparently with our agents and provide them with the information they need for success.
- We invest in advancing the professionalism of our agents, nurturing their abilities and providing them with tools and infrastructure to promote excellence.
- We expect value-oriented, honest and transparent behavior from our agents, in accordance with the principles of this ethical code.

Suppliers and Reinsurers

- We negotiate fairly with our suppliers, avoid misusing the Company's power and respect agreements with them.
- We provide equal opportunities to each supplier, and do not discriminate on the basis of gender, race or religion or any other characteristics.
- We provide our suppliers and reinsurers with all of the information they need for their work.
- We protect the confidentiality of the data and information belonging to our suppliers and reinsurers.
- We treat our suppliers and reinsurers with respect and fairness, with maximum transparency.
- We work to implement ethical principles in our work with suppliers, and expect them to act in accordance with the Company's values and this code of ethics.

Shareholders, Debt/Debenture Holders and Investors

- We act to benefit the Company by generating maximum yields while applying rational risk management, in accordance with the duties of trust and care we are required to follow.
- We are instructed to act transparency and with due diligence, towards our shareholders in all matters pertaining to our business activity, while providing clear, complete and accurate reports.

Authorities and Competitors

- We operate in accordance with the law and the rules of proper corporate governance.
- We carefully manage the Company's documents and databases in its possession.
- We provide full, reliable and transparent reports to authorities and interested parties with whom the Company engages in a full, reliable, transparent manner, and on time, in accordance with the Company's procedures and the applicable laws.
- We observe the proper rules of competition, and we do not slander our competitors.

Preventing Corruption

- We consider corruption and bribery to be very severe crimes. Therefore, we avoid situations of conflict of interest, such as Company employees, or anyone operating in its name or on its behalf (including agents and consultants), receiving or giving anything of value, from or to any other party (including suppliers) with the aim of improperly influencing their professional and independent judgement and lead to the making of a decision and/or guaranteeing a competitive or commercial advantage, not in accordance with accepted standards of honesty and integrity.
- We are committed to implementing norms of corruption prevention, throughout the organization, including by adapting mechanisms and supporting work processes.
- We operate in accordance with guidelines and work procedures for implementing this policy, including a prohibition of kickbacks and prevention of conflicts of interest, as well as giving gifts and/or donations; participation in events and hospitality expenses, not intended to advance legitimate goals.
- We maintain direct channels to supervisory and enforcement elements, for reports or complaints on irregularities and flaws, including anonymous reports.

Community and Involvement

- We recognize the importance of involvement in and contributing to the community. The Company encourages projects for the community, creating long-term collaborations with associations and organizations, and employee volunteer work.
- We strive to protect the environment and reduce the Company's negative impact on the environment, and therefore work to implement the environmental policy and assimilate social and environmental considerations in the decision making processes and strengthening awareness on environmental issues among the Company's employees and managers.
- The Company operates accordance with responsible rules of investment and strives to integrate, as much as possible, environmental, social and ethical, and corporate governance considerations in investment decisions.

Contact and Reporting Channels

Clal Insurance and Finance encourages its employees to consult with their direct supervisor and/or with the Company's legal counsel in cases of ethical dilemmas and/or situations in which suspicions or concerns have arisen of behavior that contradicts the Company's procedures and the principles of its ethical code.

The Company is committed to treating reports of ethical violations with maximum fairness, responsibility, professionalism and confidentiality, while taking care to provide a proper response and to protect the reporting party from any harassment or harm.

The following channels are at the disposal of Company employees:

- **Anonymous reports via the "hotline"** operated by the Company, in accordance with the details published on the Company's website. The reports are transferred to the Company's Internal Auditor and to the executive responsible for internal enforcement at the Company.
- **The Company's legal counsel.**
- **Direct/indirect supervisor.**
- **The Internal Auditor.**

In the event of a report pertaining to one of the detailed subjects, report to the elements listed below ("the Arrangement Elements"):

- Violation or suspected violation of the law – **to the enforcement supervisor.**
- Deficiencies connected to internal auditing – **to the operational risks and control manager.**
- Reports connected to concerns of embezzlement and/or fraud – **to the responsible element as detailed below, or as updated from time to time in the Company's fraud and embezzlement prevention policy:**
 1. An event involving an employee (including an officer) of the Company, toward the Company and/or toward a customer or service provider – **the Company Internal Auditor.**
 2. An event involving an outside party, including an insurance agent, pension advisor or some other service provider, towards the Company and/or its customers – **Operational Risks and Control Manager.**
 3. Deficiencies connected to the Financial Statements – **the SOX Manager.**

The ethical code detailed above and accompanying principles, constitute and express the Group's proper values and form the guidelines that accompany it in its ongoing activity and the principles before its eyes and to which it strives. The Clal Group strives towards constant improvement, in view of the principles and values in question, while constantly striving to learn, improve, assimilate and better its guiding behavioral norms.

