



Clal Insurance and Finance
Corporate Responsibility Report (ESG)
for 2020-2022
With significant updates for 2023

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Introduction

A Word from the Chair

I welcome the publication of the company's second Corporate Responsibility (ESG) Report, which reflects our accomplishments in the areas of commerce, environment and society, while at the same time presenting our high standards and values in the field of ethics and proper conduct.

Integrating the principles of ESG into the emphasis we place on transparency, responsibility and partnership, constitutes an additional basis for the company's leadership role in the economy, and for its success in the long run.

Within the framework of Clal Insurance and Finance's commitment to promoting the principles of ESG, the company is spearheading special programs and projects in the area of financial investments, customer service, welfare, the professional and personal development of the company's employees, social responsibility, investment in the community, and more.

During the same time of this report's publication, the State of Israel began facing the war against terror organizations. On 7 October, "we awoke to a nightmare in which our people, and the finest of our sons and daughters, fought with indescribable bravery and courage, gave their lives, and sacrificed themselves. So many acts of heroism and bravery, our sadness is abysmal, and our hearts are heavy over this terrible loss and inconceivable suffering.

Out of the heavy grief and terrible feeling of shock, the resilience and beauty of the people of Israel was revealed in the fullness of its glory. We will rise, we will build, we will rehabilitate, and we will become stronger than ever, we will plow to the last furrow and we will carry on the wonderful, unique and irrefutable vision of the Jewish State of the last 75 years which will continue to exist forever!

Even during this period, we continue our work in order to ensure the resilience and stability of the company in this time of war. We understand the great importance of continuing to maintain our normal routine even in times of emergency for the sake of our customer community and the general public, by carrying out procedures and making contributions for the sake of the community at large.

I would like to take this opportunity to thank our employees and managers, both women and men, for their vast and meaningful efforts, in both times of routine and emergency, toward creating a better environment for us and for the generations to come. On behalf of the members of the Board of Directors, we thank you for your work, initiative, commitment to the success of the company, for your dependability and for partnering with us on our journey. I am confident and certain that together, we will succeed in achieving the development and growth of the company, by seeing to the needs of the community and all our stakeholders.

Haim Samet,
Chair of Clal Insurance Enterprises Holdings Ltd.

A word from the CEO

We are honored to publish our Corporate Responsibility Report (ESG) of Clal Insurance and Finance for the years 2020-2022, reflecting our ongoing commitment to integrating considerations of ESG (environment, society and governance) into our business operations.

In recent years, the field of ESG has been gaining momentum in Israel and around the world; we are proud to be among the leading companies in this field, and will continue to develop it in all our channels of activity.

We see great importance in the fact that the report also serves as a tool for dialogue, and for increasing transparency with our stakeholders within the context of responsible, transparent and fair-minded business conduct. The report presents our central cornerstones: the existence of proper corporate governance fostering a progressive, diverse and inclusive work environment; reflecting our responsibility towards the environment; building a responsible value chain; and being involved in the community.

At the start of 2023, Clal Insurance and Finance completed the acquisition of the credit card company MAX, and since then aims to increase competition in the field of consumer credit. This acquisition – along with our insurance activity – is an important economic component which will constitute an additional growth engine, and a significant milestone for the Clal Group and the entire Israeli economy.

As a group that manages hundreds of billions of shekels in public funds, we act in accordance with responsible investment policies for the sake of integrating environmental and social concerns into our investments. We believe that implementing considerations of ESG in our management of investments is a complementary action that is necessary for creating long-term returns, and that by responsibly managing our investments we are able to create a positive impact.

We invest many resources, in terms of both technology and personnel, in maintaining and improving our services. As a company that has championed the value of service as an organizational core value, we are constantly promoting the fruitful and successful activity of developing and launching many advanced digital products for our customers and agents.

For years now, we have been supporting organizations that work to help the community and bridge the gaps in Israeli society, for the sake of a sustainable future in the community in which we live; this widespread activity rests upon a policy of social responsibility, and is expressed in partnerships, financial contributions and employee volunteering. Responsibility for one another is part of the Israeli ethos we are so proud of and at their best, the many projects in which we take part in reflect this essence.

As a leading Israeli institutional company, our group's values – including tolerance, respect, fairness, inclusion and acceptance of the other – constitute an organizational compass for each and every one of us, and they are implemented in our ongoing behavior on a daily basis, and in our ethical code.

Every day, it is important that we all faithfully represent these important values, and contribute to safeguarding the resilience of Israeli society.

At the time of this report's publication, the State of Israel is dealing with a complex and painful security situation, in which all of Israeli society is involved. During this time, Clal is supporting and strengthening our employees and their families, and is gathering its forces to assist the civilian population and the security forces – with donations, volunteering and unique collaborations.

Among the main initiatives, "Clal for the Good of the Community" was established as a fund of ten million NIS whose purpose is to support the company's customers through paid assistance for insurance needs that are not covered under the framework of their coverage. In addition, the company has begun a project of insuring – in cooperation with leading law firms – available apartments for evacuees from the front-line communities. In this project, the company will provide, free of charge, building insurance and third-party insurance during the rental period to all the apartments that will be rented out to evacuees. In addition, the company has designated an *ex gratia* fund of NIS 10 million to help those of its customers who have been injured during the war.

These initiatives are individual examples that represent our commitment and responsibility toward our stakeholders, both at times of emergency and war and in routine circumstances, which will be detailed in this report.

At this time, I would like to thank everyone who has contributed to bringing the report together and I invite you, the stakeholders, to respond and ask questions.

I hope for calm and safe days ahead, and for the speedy return of all our citizens, IDF soldiers, and security forces in peace and in health.

Yoram Naveh,
CEO Clal Insurance and Finance

About the Company

Clal Insurance Enterprises Holdings is a holding company that operates mainly in the areas of insurance, pension, benefits and finance, as well as in the maintenance of assets and other businesses (such as the maintenance of insurance agencies); as of the year of the report, Clal is one of the largest insurance and finance groups in Israel. Beginning in 2023, the company is also active in the credit card industry.

Clal operates in a number of areas, including various long-term areas of insurance and savings such as pensions, provident funds and self-improvement; general insurance such as auto and home; health insurance; and credit cards. In addition, the company occupies a unique niche among insurance companies in the field of mortgages and credit insurance.

As of 31 December 2022, Clal Insurance Enterprises Holdings employs 3849 workers (not including insurance agencies), and about 1337 workers at MAX.

The company is one of the leaders in the long-term insurance and savings market in Israel, and is constantly working to build up its financial strength and increase value to its shareholders. We do this by growing and expanding our business; improving the structure of our outlays; maintaining a high level of service for our agents and customers; innovating our products and services; preserving and nurturing our human resources; contributing extensively to the community; and strengthening its ties with all of our stakeholders.

Our vision is to be the group that leads in the insurance and long-term savings market in Israel, which strives to increase the company's worth and to provide maximum value to the shareholders by stressing a growth in profitability; improving service to the company's customers and agents; innovation in services and products, demonstrating technological and digital leadership; safeguarding our quality human resources; and constantly striving toward excellence.

Our History

Clal Insurance began to operate in Israel in 1962 as a government insurance company under the name Yuval Israel Insurance Company Ltd.

In 1978, Yuval was acquired by Clal (Israel) Ltd., and its name was changed to Clal Insurance Company Ltd. Over the years, Clal Insurance has acquired and merged its insurance companies, including: Ararat Insurance Company Ltd., Elite Insurance Company Ltd., Eitan Insurance Company Ltd., and Aryeh Israeli Insurance Company Ltd.; and has also purchased insurance portfolios in Israel.

In 1987, Clal Insurance Enterprises Holdings Ltd. was established.

In 1992, Clal Insurance purchased part of the insurance portfolio of the Sneh Insurance Company, and the insurance portfolio of the Tsur Shamir insurance company. Afterward, the insurance companies that had, as we said, been purchased by Clal Insurance were merged together, including: Ararat, Elite, Eitan and Aryeh. These acquisitions and mergers contributed to the transformation of Clal Insurance into one of the largest insurance groups in Israel.

In the field of credit risk insurance, Clal Insurance purchased in 1998 The Israeli Credit Insurance Company Ltd.

In 2004, the company purchased the Metavit pension fund; and in 2006 it merged itself with the Atudot pension fund.

In 2006, the Group expanded its activities and concentrated its activities in the field of health insurance and caregiving, under a company named Clal Health. In 2013, Clal Health was merged with Clal Insurance.

In 2007, the company acquired the provident funds of Israel Discount Bank and Bank Hapoalim.

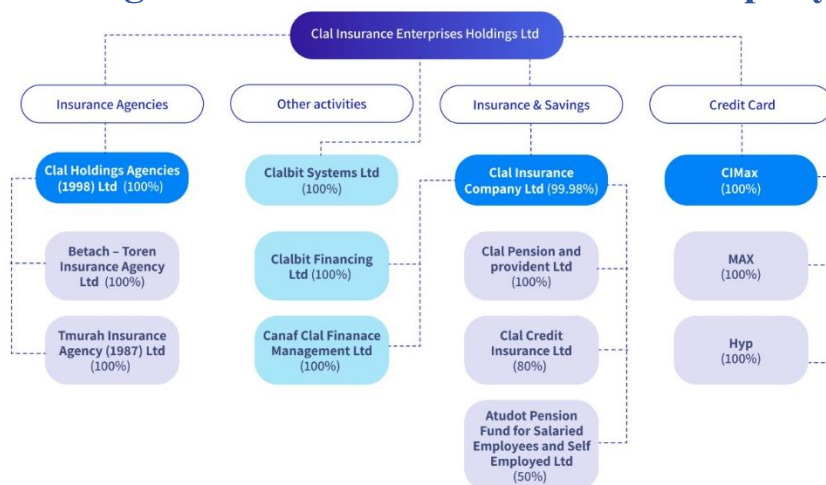
In 2010, the activity of Clal Provident Ltd. was merged with the Metavit Atudot pension fund, and its name was changed to Clal Pension and Provident Fund Ltd.

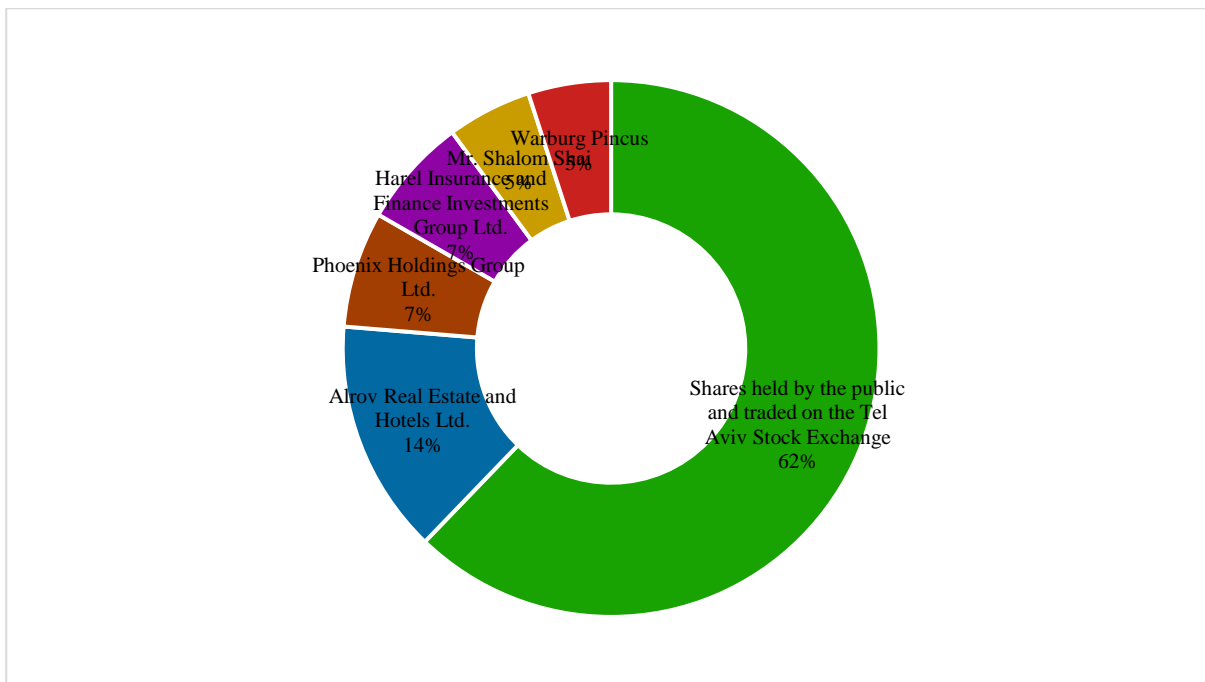
In 2015, the company launched its revolution in digital innovation.

In 2018, Clal Insurance decided to deepen its activities in the area of finance, and it accordingly changed its name to Clal Insurance and Finance.

In March 2023, Clal completed its purchase of MAX from the American investment fund Warburg Pincus and its partners.

The Organizational Structure of the Company





As of the end of November 2023, and to the best of the Company's knowledge according to the information provided to it as of this date.

The Structure of Clal Insurance and Finance

The Organizational structure of Clal Insurance and Finance is based upon operations carried out across ten divisions and departments, and three branches. The directors of the departments, together with the directors of the divisions and the staff units and the chief actuary, constitute the management of Clal Insurance.

The organizational structure of the company, as of the time of the report, is as follows:

The four executive bodies of the company

- **Claims division** – coordinates the management of the claims of policyholders and members in all branches of insurance and pensions;
- **Investment division** – coordinates investment and credit-giving activity in the Group;
- **Customer and distribution division** – coordinates the sales activity of the Group, including for the Group's agents, and direct-sales activity

The three business divisions of the company

- **Health division** – a professional division that coordinates health-insurance activity;
- **Long-term savings division** – a professional division that coordinates operations in the field of life insurance, as well as the field of pensions and provident funds, through Clal Insurance and Clal Pensions and Provident Funds;
- **General insurance division** – a professional division that coordinates operations in the field of general insurance;

The six staff divisions of the company

- **Resource division** – coordinates the management of human resources, payroll, and logistics
- **Finance division** – coordinates all financial, actuarial, salary and logistical activities in the Group;
- **IT division** – coordinates all of the information-systems activity in the Group;
- **Legal counsel and regulation branch;**
- **Risk management, control and enforcement branch;**
- **Marketing and strategy department.**

The Group owns insurance agencies in the field of long-term savings, and the field of general insurance; as well as the internal-audit branch which is subject to the chair of the Board of Directors.

The Acquisition of MAX:

In the first quarter of 2023, negotiations for acquiring MAX were completed. These negotiations situate the Clal Group as the first in the field of finance to act to promote competition in the field of consumer credit, for the benefit of the Israeli public.

The operations of MAX focus on two areas of activity:

- **An issuing sector** for financial institutions and private customers;
- **A defrayal sector** that includes: a) defrayal services; b) related services and products that complete the defrayal services; and c) financial solutions, products and services offered to businesses such as loans; moving up payments and guarantees; and voucher discounting.

Spread Across the Country

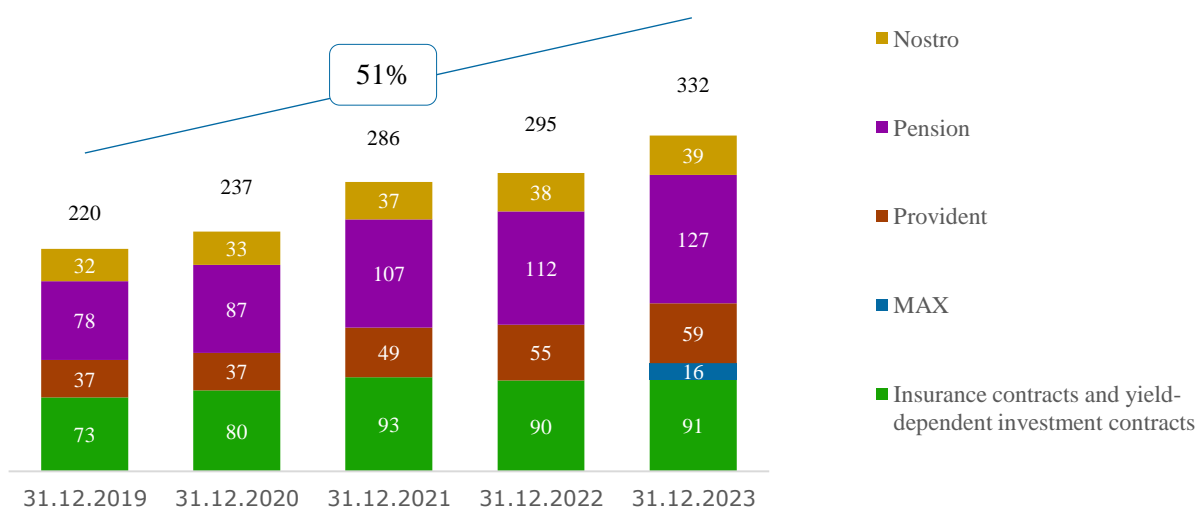
The company's offices are distributed across a number of cities:

- Tel Aviv-Yafo – **the Group's headquarters**
- Petah Tikva
- Jerusalem
- Haifa
- Nazareth
- Beer Sheva

There are, in addition, agents for the Group who operate throughout the country.

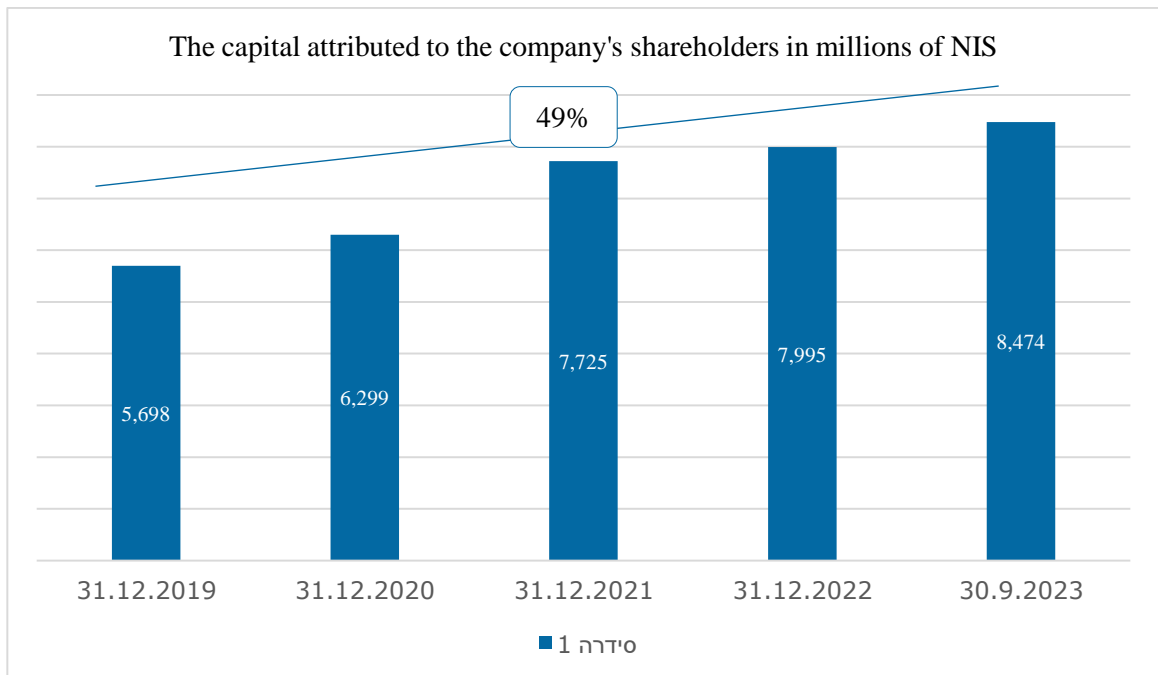
Economic Robustness

The volume of the assets managed by the company at the end of the third quarter of 2023 reached a new height, and stands at about NIS 322 billion.



The total assets belonging to the company's shareholders on September 30th, 2023 amounted to about NIS 8.474 million, as compared with about 7.995 million on December 31st, 2022 – an increase of 6%.

The solvency ratio of Clal Insurance, without deployment instructions, remains without change and stands at about 109% as of June 30th, 2023; and taking into account the deployment instructions, it stands at 167% as compared with 178% at the end of 2022.



Corporate Responsibility

The Concept of Corporate Responsibility

Clal Insurance is a part of the global effort to fight against the climate crisis, and to develop a sustainable future. The company is therefore, working to integrate environmental and social aspects in its everyday conduct as an inseparable part of its business activity, and to do so according to the ethical code of society which leads our way; by conducting an ongoing dialogue with our various stakeholders.

Amongst our areas of focus, we take care to foster a safe and progressive work environment that advocates equality of opportunity and the development of human capital; to work for energy efficiency, and to maintain a corporate governance that operates in a right and proper manner.

Aspects of corporate responsibility are included in the company's annual work programs. In these programs, we set measurable and ambitious goals, and we measure their implementation in order to reduce negative effects and increase positive impact.

Managing Corporate Responsibility

The field of corporate responsibility is concentrated in the Division of Content, Spokespeople, and ESG, under the Department of Marketing and Strategy. Training on this issue has been provided to the company spokeswoman and the departmental manager, who work together with a professional adviser and reports to the manager of the Strategy Department and the deputy to the CEO. Together, the division leads the company and its professional units toward continuous improvement in ESG performance.

The corporate responsibility report serves as a means of expressing our commitment as a leading insurance company, to investing and promoting sustainability issues as an integral part of doing business. This report spells out our activity in, amongst other things, maintaining and training our human capital; promoting online recruitment and employment; enforcing ethics; promoting responsible acquisition; and improving the company's environmental outcomes and social involvement.

We at Clal Insurance and Finance, see ourselves as committed to behaving with integrity and fairness toward all our stakeholders, in our business management practices and in the services we provide to our customers. We see great importance in fostering a work environment that emphasizes human capital; and we work for equality of opportunity and diversity in employment. We make sure to employ workers without discrimination on the basis of gender, origin, sexual orientation or religion and to create diversity and inclusion of manpower within the company. We strive to protect environmental quality, and to work to limit the company's negative effects on the environment. We work to maintain fair corporate governance in everything having to do with the work of the Board of Directors. We treat our suppliers and secondary insurers with dignity and fairness, with maximum transparency, and we conduct fair negotiations with them by honoring fully the agreements between us.

Material Topics

Material topics are those that have a significant influence on the organization's activities in the fields of sustainability and corporate responsibility from an economic, social, and environmental perspective; corporate governance; and more.

During the course of 2021, an internal process was conducted to examine and update material topics in the operations of Clal Insurance and Finance. The process was based, amongst other things, on surveys and analysis of internal and external sources of information, such as the corporate responsibility reports of companies in the sector and international reporting standards. The following are the material topics that we have identified, organized in a non-hierarchical list:

- Fraud and corruption prevention
- Energy efficiency
- Limiting greenhouse gas emissions
- A safe work environment, and fair conditions of employment
- Training and development of human capital
- Employee diversity and equal opportunity

Stakeholder Dialogue

The Clal Insurance and Finance Group strives to embody its values with each of the stakeholders with whom it works

Stakeholder
Employees

How Dialogue is Conducted

- We strive to create a synergy at work, and to promote cooperation by looking at our shared goals, taking care to create open channels of communication and transferring information in a simple and fast way.
- We take care to act effectively out of a principle of full commitment to the goals of Clal Insurance and Finance, looking at the overall picture, and demonstrating initiative and caring.

Agents

- We invest resources and a great deal of attention into conducting an ongoing and open dialogue with our agents, to get feedback and improve our service.
- We are working all the time to make our services accessible through advanced and innovative technological means.
- We treat our agents with transparency in our dealings with them, and supply them

with the information necessary for their success.

Customers

- We place our customers at the center, and are committed to treating them with respect at all times and under all conditions by listening to them and protecting the privacy and confidentiality of the information provided to us, in accordance with our values and the provisions of the law.
- We allocate resources and special attention to getting feedback from our customers, in order to continually improve. Our commitment to this process is constant and unremitting.

Suppliers

- We take interest in conducting fair negotiations with our suppliers; prevent the malicious exploitation of social pressure; and respect our agreements with them.
- We treat our suppliers and secondary insurers with respect and in fairness, through the use of maximum transparency.

Authorities and competitors

- We work for full, reliable, and transparent reporting to the authorities, and to the stakeholders with whom the company communicates fully, credibly, transparently and in accordance with the law.
- We observe fair rules of competition, and do not vilify our competitors.

Community and social organizations

- We recognize the importance of being involved with, and contributing to, the community. The company encourages community projects through creating long-term partnerships with nonprofits and organizations, and employee volunteering.

Shareholders, debt/bond holders and investors

- We are supposed to act with transparency and fair disclosure toward shareholders in everything having to do with business

activities, by ensuring clarity, integrity and accuracy of reporting.

The Effects of Climate Change

Climate Change is considered a global risk that is expected to increase in frequency and intensity of natural disasters around the world, and so to affect global social and economic systems. The potential impacts of climate change processes are therefore spread across the entire economy, including the insurance industry. In light of this, and in order to reduce the negative potential of climate dangers, we are managing this area of risk in a fundamental way and as an integral part of our environmental risk management program. This is the result of our belief that insurance is an economic tool intended to reduce and moderate risks, which enables the possibility of improved recovery and of increased resilience.

The environmental risk is the risk of loss as a result of environmental regulations and their enforcement. In recent years, the definition of environmental risk has expanded and is now widely seen as a global risk that results from the potential for environmental changes as a whole to have harmful effects on people, ecosystems, and economic and financial activities. These environmental risks include air, water and land pollution; damage to biodiversity; and the effects of climate change.

These factors can cause damage to both private and public property, and even cause psychological harm. Studies indicate that the insurance industry, in the long term, is expected to face an increase in the volume of claims filed for property damage and mortality. The company must therefore prepare for this, and adapt itself to the future.

The company has an environmental policy, in the context of which a survey was conducted to update and improve the survey of environmental risks. In addition, the company's management has accepted the values of environmental commitment, and has instructed the professional units to adjust their activities in favor of streamlining and improving the company's environmental performance.

As a basis for this activity, the company's administration has decided to adopt the international standard for managing environmental systems; ISO 14001, which is examined once a year by the IQC for its compliance with the requirements of the standard.

In order to implement the standard's directives, the company is working to increase environmental awareness amongst its employees, and investing the resources necessary for energy efficiency and to limit its environmental impact. In addition, the company is ensuring its ongoing development of regulation and the relevant requirements, and take necessary steps to implement the guidelines.

Participation in the ESG framework: Ranking by Maala

Maala is an umbrella organization that brings together about 110 leading companies in the Israeli economy, and works to promote corporate responsibility in the business sector and to develop and

implement responsible management standards in Israel. In 2019, Clal Insurance and Finance joined the organization of members of Maala and in 2023 it won the prestigious “Platinum Plus” (AA) rating for the fourth consecutive year.

Moreover, in 2023 Clal reached for the first time **the rank of diversity and inclusion** of Maala, and achieved the highest grade – five stars.

For additional information about the results of the Maala ranking, and the ranking for diversity and inclusion, click [here](#) (Hebrew).

Rankings, Prizes, and Awards

Forbes Magazine’s ranking of the managers of institutional investments:

Clal was ranked first place among the insurance companies in the industry, in a ranking by **Forbes** Magazine Israel of the best managers of institutional investments in Israel in 2022.

“The 100 Best Companies to Work At”

In May 2022, Clal was given first place among the traditional insurance companies in the ranking done by **CofaceBDI** and **The Marker** of “The 100 Best Companies to Work at in Israel in 2022”

The Best of the Year of “Adif”

Clal won “Best of the Year” in the course of 2021 in a number of areas: interdisciplinary innovation; the long-term savings division; and innovation in the general insurance division.

Our Achievements in Areas of ESG 2020-2022

Environment

A reduction of about 40% in greenhouse-gas emissions of Scope 1 +2 within four years

A reduction of 22% in the amount of energy consumed by the company within four years

Publicizing the ESG policy in investments

About 70% of our new car purchases is electric and hybrid vehicles

Society

Promoting the welfare of employees and employment equality

Contributions to the community at a value of about NIS 4.5 million (in currency, and in its equivalent in volunteering and equipment)

Setting up the resilience center of Clal

85% of the company’s purchases are local-Israeli purchases

About 60% of the managerial ranks are made up of women managers

Corporate Governance

Authorizing policy to prevent fraud and corruption

Carrying out an update and renewal of the Code of Ethics, and promoting the implementation of ethics in the company

About 90% of the company’s employees and 100% of its material suppliers have signed onto the Code of Ethics

Responsible Investments

Over the past decade, the value of the assets managed by Clal Insurance and Finance has more than doubled, from NIS 133 billion in 2012, to NIS 332 billion in the third quarter of 2023. Along with its commitment to observing regulations in the area of ESG, Clal considers itself morally obligated to responsible business conduct.

Alongside its regulatory commitment in the area of ESG, Clal sees itself as ethically obligated to responsible business management.

Along with the increase in the volume of assets managed by the Group, we believe that we also bear an increased responsibility for the proper and responsible management of our colleagues' investments. In our view, the responsible management of investments will lead to returns in the long term, which constitute an important element in the management of the risks inherent in these investments.

The advantages of responsible investments

Responsible investments offer many advantages to our colleagues and to the investing body, among which are the extra or equivalent returns that come from incorporating aspects of ESG in selecting the investments, particularly in light of the fact that these are long-term investments. Moreover, the idea of incorporating considerations of ESG into our investments stems from our desire to listen and to adapt ourselves to the public's state of mind, which directs the investing bodies toward responsible investments.

“Many studies show that there is a positive correlation between responsible investments and financial achievements. One of the more interesting studies is a meta-analysis which was done in cooperation with Deutsche Asset Management, which examined about 2000 studies done between 1970 and 2015 and showed that 92% of the studies demonstrated that there is an equal or surplus yield in the investments...”

From the ESG policy document of Clal Insurance Group in the area of investments
To read the entire document, press [here](#).

Canaf – Clal Financial Management

Clal Financial Management (Canaf), which constitutes the investment arm of the Clal Insurance and Finance Group, is a fully-owned subsidiary of Clal Insurance.

Canaf is working to locate attractive investments, by taking advantage of investment opportunities in the markets and spreading out risks.

The broad range of assets managed at Canaf bestows a significant advantage which is expressed in the access it gives us to unique transactions, and in strategic partnerships with leading investment and research groups in Israel and across the world.

Canaf champions the values of professionalism, excellence and innovation in all of its areas of activity, and aims to provide appropriate returns to maximize the income from investments – in

accordance with risk-reward ratios and the characteristics of our portfolios – by weighing aspects of ESG as part of the company’s strategy.

Experience and competitiveness – Canaf has a professional and experienced team that includes about 60 investment managers and analysts, who specialize in investments in various areas. The investment managers have at their disposal advanced research and strategy departments, support and control units, a department of professional conduct, and a variety of databases. All these are intended to ensure that the investment areas of Clal have a competitive advantage, and to allow Canaf to concentrate, on a daily basis, on its defined goals: achieving long-term and appropriate yields for savers, and maximizing income from nostro investments.

Colleague investment committees – the investment activity in the portfolios of our colleagues is supervised and controlled by dedicated investment committees. The investment committees consist of a variety of experts with extensive experience, from the business sector and academia; and they include external representatives. The committees meet at least once every two weeks, and more frequently if necessary.

Canaf works within the framework of an investment strategy that encompasses the data and forecasts of the markets in order to form a macro picture. The investment committees, and the Board of Directors, determine our investment policy every year, and supervise and inspect the investment activity carried out at Canaf.

Canaf’s map of investments includes broad and balanced coverage of investment channels and markets in Israel and the around world, to achieve the best possible yields for savers and the company’s colleagues.

Canaf invests the funds it manages in a variety of marketable channels, such as shares, government bonds, corporate bonds, and foreign currency; and in non-marketable channels – loans, infrastructure, technology, investment funds, mortgages, income-generating real estate and other non-marketable investments. Canaf works to diversify its investments in order to take advantage of investment opportunities in the markets, and to spread out investment risks.

At Canaf, professional units with a deep expertise in the various investment channels operate in order to enable investment managers to receive at any moment the most comprehensive, current and clear picture as to potential investments and the structure of the investment portfolio.

Standards for determining the quality of corporate governance in investments

We have built a model for ranking corporate governance for companies that are traded in Israel, in order to examine the level of corporate governance for each corporation in which investment is examined by the Clal Group. This is a model unique in the field, which is based on a database of all of the public and reporting companies in Israel; within this framework, the following parameters are examined:

- The independence of the Board of Directors

- The holdings of shareholders, the business dealings of shareholders and executive compensation
- The quality of inspection and supervision by the internal auditor and an outside accountant
- Ethics, transparency and openness to the community
- Responsible investments (social responsibility and environmental responsibility)

As part of the implementation of this model, the various investment committees in the Clal Group instruct the investment managers to examine the quality of corporate governance as part of the set of considerations that lead to the decision to invest, whether a new investment or an additional one.

Every act of analysis that is conducted for the purpose of investing in a corporation will be accompanied by a report that ranks the relevant corporate governance of the corporation. If the need arises, a discussion about it will be held in the context of the various forums that are run in Canaf.

Within the framework of managing the funds of colleagues, the relevant investment manager will examine the quality level of corporate governance before making investments in companies traded in Israel. In general, the Clal group would prefer to invest in companies whose corporate governance has been ranked as high or medium, rather than in companies whose corporate governance assessment is low. To be clear, a low corporate-governance quality score – whether in the overall score or in one or more of the secondary measures – does not necessarily mean that Clal Group will avoid investing in that corporation.

The ESG policy of Clal Insurance Group in the field of investments

During 2022, the ESG policy of the Clal Insurance Group in the field of responsible investment was presented for the approval of the management and the Board of Directors. The ultimate goal of approving this policy was to implement its principles in the various work processes in the company, and especially in managing the finances of our colleagues in a responsible and sustainable manner. The policy was formulated with the help and professional guidance of Greeneye.

The implementation of considerations of environment, society and corporate governance is a trend that is gathering momentum in the investment world in terms of risk management, and in terms of exploiting financial opportunities. This new policy delves into the details, broadens the company's understanding of the issue, and gives responsible investments their proper place and status. This is a far more broad, comprehensive and deep policy than the company's policy till now, and it expresses the direction toward which the company is steering its investments in the short and long term.

The company believes that the implementation of ESG considerations is a component that is complementary to the existing analysis, and is not a substitute for the current risk-assessment process. Our goal is to give our colleagues the best returns, even as we think about the effects of our future steps. Consideration to responsible investments does not come at the expense of the economic achievements we are making for our colleagues. On the contrary, we are interested in bringing aspects of ESG into our set of considerations, in the belief that responsible investments that have an economic horizon and a sustainable impact will give our colleagues positive returns as well as environmental, social and ethical dividends.

“These investments enable the community of savers, for whom Clal Insurance Group is working in its management of investments, to adapt its investments to values that are important for society, the economy, and the Earth. Studies show that responsible investments produce profits in a way that generates value; and there is therefore a common interest here for the regulator, and for the institutional bodies that manage public investment, to encourage responsible investment. ”

From the ESG policy document of Clal Insurance Group in the area of investments. To read the document, [click](#) here (Hebrew).

What is included in the new policy document?

The document expresses the policy of Clal as an organization which invests the funds it manages for its policyholders, and its commitment to considerations of environment, society and corporate governance in the decision-making processes in this field.

Social considerations – we measure our performance on issues of diversity and employment equality; problems of welfare and worker safety issues; labor relations; contributions to the economy and society; and more. It was decided in the context of the policy document that these issues would be examined more carefully as they may involve political considerations that are in dispute.

In addition, the document discusses technological risks and cyber risks, as some of the risks that we consider when we perform the process of analyzing the investments of which the Group will be interested in making. The technological risks are emerging risks which can affect the company's reputation and its ongoing activity; and at a time when digitization is developing within the business world, technological risks – and above all cyber risks – must be at the forefront of investors' concerns.

Considerations of corporate governance – we take into account many issues, including the exercise of corporate responsibility within the administration and the Board of Directors; diversity and non-discrimination within the ranks of the administration and the Board of Directors; the independence of the Board of Directors and proper administration; the independence of the accountants and the review process; the maintenance of systems and policies for preventing fraud and corruption; and more.

Environmental considerations – within the framework of the approved policy document, we have drawn a distinction between controversial activities which include, among other things, the mining of natural resources, fossil fuels, and animal experimentation, as opposed to activities that have a positive influence. “Activities that have a positive influence” will refer to companies which derive their income from products and services that adhere to the Sustainable Development Goals set by the UN. According to the widespread evaluation, companies that know how to promote and develop sustainable products and services will be able to achieve a significant commercial advantage over the companies with which they compete in the same market. In the context of ESG considerations,

weight will be given to investment in companies that take part in activities that have a positive impact, or in projects that have a positive impact.

Climate risks are the most crucial risks to investments of all types of assets, in terms of both the regulatory, liquidity and legal risks that result from them, and the risks to the sources of raw materials that may lead to restriction of, or damage to, the company's operations.

More than that, the policy includes defining the assessment tools used to perform the ESG analyses in Israel and abroad, both marketable and non-marketable; the procedures for handling exceptional events; steps for tracking existing assets; periodic reports to the investment committees; and more.

To read the full policy, [click here](#) (Hebrew)

Our Responsible Investments

Alongside our financial investments, we also manage non-marketable assets (investments) such as real estate and infrastructure projects. As part of these investments, in recent years we have made billions of shekels in investments that are socially and environmentally responsible.

Clal's responsible investments in the energy sector

Among the projects in the energy sector, in which Clal is investing in, there are projects to produce energy from natural gas and from renewable sources like solar energy, wind energy, hydroelectric energy and technologies for recovering waste to produce energy. During the reporting period, the company's total investment in these energies (private and equity credit) stands at **NIS 3.6 billion**.

In 2022, we increased our investment in the equity of biogas facilities in England (the current total equity stands £35 million), and in a platform for the construction of solar energy facilities called SBE (a total equity of \$44 million). Additional investments in 2022 amounted to a 5% increase in the volume of green energy investments compared to 2021.

Investments in energy from natural gas

Our investments in the energy sector avoid investment in energy from coal or oil.

Investment in natural gas is one of the world's transitional steps from fossil fuels to fuels that are lower- and low-emission. The burning of natural gas, which is a fossil fuel with higher energy productivity and efficiency, includes lower greenhouse-gas emissions as compared to other fossil fuels.

In Israel: The company has granted loans to a project of Dalia Energies to build a private power plant at its Tzafit site in the Judean Plain (a production volume of 900MW), which played a significant part in the syndication for financing the construction of power plants at Rotem Plateau (OPC Rotem) and south of Ashkelon (Dorad); and funded the construction and operation of a power plant in the Kiryat Gat area (OPC Tzomet).

Abroad: In the context of a one-time investment, and through cooperation with international institutional bodies, the company has invested in the acquisition of shares of state-of-the-art power

plants in New York (Astoria Energy). Moreover, Clal has purchased, together with OPC, Migdal and venture capital concerns, the American energy company CPV which is involved in the development, construction and management of natural-gas and renewable energy power plants. In addition, Clal is the only Israeli lender to have participated in funding the construction of the Southfield power plant in Ohio, which operates on natural gas.

Investments in solar energy

Solar energy is energy that is produced from the natural heat and light of the Sun. It is one of the most renewable and available sources of energy on Earth.

In Israel: Clal has invested, along with the Noy Fund, in the solar power production plant in Ashalim which operates on the "Solar Tower" technology that produces about 120MW. This facility contains about 50,000 mirrors that track the movement of the sun and concentrate its radiation towards a 250-meter-high tower. This radiation heats the water inside the tower to a temperature of about 550 degrees Celsius, and the steam generated by this process is piped to the turbine in order to produce electricity.

In addition to this project, Clal Insurance and Finance has participated in a syndication for funding a thermo-solar project in Ashalim, and created loans for the construction of additional photovoltaic facilities in Israel.

Abroad: The Clal Insurance and Finance Group joined the Helios Fund together with Menora Mivtachim, to set up a partnership for acquiring holdings in the Bonete solar project in eastern Spain near the city of Valencia, at an overall volume of more than half a billion NIS. This project is a long-term investment and includes the construction, funding, operation and maintenance of two solar facilities at 100MW.

Investments in wind energy

Wind-energy production technology harnesses the kinetic energy of the wind in order to produce electricity.

In Israel: The group has granted a private loan to finance the establishment of two farms to create wind energy in Israel. These two farms, which are located at Ramat Sirin and Ma'ale Gilboa in the north of the country, together include 25 wind turbines which produce a total supply of about 21MW.

Abroad: Clal Insurance and Finance has carried out the purchase of about 8% of the shares of an active wind farm off the coast of England. This wind-energy production project is maintained and operated by Ørsted which is one of the largest companies in the world in the field of renewable energy, specializing in the construction and operation of wind stations. This is the first investment of Clal Insurance and Finance in the field of marine wind farms.

Investments in energy from additional sources

Hydroelectric energy:

A hydroelectric power station is a station that produces electricity from falling water.

Clal has played a significant part in the syndication for funding the construction of a hydroelectric power station that operates on the technology of pumped energy. This power station, which was constructed in Gilboa, exploits the height differentials between the reservoirs to produce electricity in an efficient way, and it can do so at an output of 300MW.

Waste recovery for energy:

Clal has made an investment in Helios Bio Capital, a company that purchases facilities for producing electricity and gas from waste remnants (such as wood waste or processed household waste). These facilities, which are located throughout England, allow the production of electricity for tens of thousands of households, and they possess a distinct advantage in contributing to the environment and producing clean electricity through the anaerobic digestion of the waste, which is done by using specialized bacteria.

Responsible Investments in The Area of Technology

Among the projects and initiatives in which Clal Insurance and Finance has invested, there are a great many projects in the areas of technology and innovation: from health, to electric trains and desalination, to sustainable nutrition. Many of the projects of which the company has invested in are Israeli "*blue and white*" projects. Among these projects:

Desalination: a group of investors, led by Clal, have purchased 100% of IDE. This is an Israeli company that has pioneered most of the desalination facilities in the State of Israel, and has even established and operates hundreds of desalination projects across the globe including in the United States, India and Venezuela. Clal has also taken part in funding the desalination facilities in Hadera and Palmachim.

Innovation in the health sector: Clal Insurance, together with other venture-capital and impact investors, invested in the last fundraising round of MeMed, which has developed an innovative technology that enables every member of a medical staff to diagnose illnesses within a quarter of an hour through a finger prick blood sample. In addition, Clal has led a significant round of investments at ORCAM, which has developed a specialized device that allows people with visual limitations, to read and to identify various objects in their environment.

Innovation in the field of nutrition: Clal has invested in the Israeli company Infarm, which is leading in the technology of growing fruit and vegetables on vertical farms without insecticides, making it possible to produce vegetables within the branches of retail chains and close to logistical centers. In addition, the Group has invested in Redefine Meat, which has developed a unique technology for meat production that contains no animal tissue, and sells its products to hundreds of restaurants and companies in Israel and around the world.

Innovation in the field of transportation: The company has invested in the Israeli electric automotive company REE, which is developing a dedicated module for electric vehicles and provides a single module packed with critical vehicle components that are positioned between the chassis and the wheel. The company has also invested in Autotalks, which manufactures a communications chip for regular and autonomous vehicles that allows them to communicate with other vehicles, and with

infrastructure and pedestrians. The technology increases the levels of confidence and certainty amongst drivers, in accident prevention.

In the coming years, the company intends to continue to expand the volume of its green-energy investments. In 2023, it has already made a large-scale investment of **NIS 300 million** in a fund for financing and purchasing solar projects. This is an increase of about 9% over 2022, and about 16% over 2021.

This trend is meant to continue in the coming years, and we expect that over the long term we will continue to increase in both absolute and relative terms, the volume of our investments in green energies.

Organizational Ethics

As a public company, we place great importance on observing strict principles and procedures when it comes to administering our reports, as well as following high ethical standards by committing ourselves to full and appropriate public transparency, and open communication with our stakeholders.

The Code of Ethics

The Code of Ethics of the Clal Insurance and Finance Group is built upon the Group's vision and its values; it reflects the organizational culture, the principles and the ethical standards that are being implemented in the Group's fields of operation, and in the context of the interactions between it and all of its stakeholders.

The Code of Ethics addresses, among other things, the fundamental values of Israeli society including a commitment to integrity, preventing discrimination, and respecting dignity and human rights. Our Code of Ethics is tailored to the business sector and to the demands that are particular to our operations. It addresses the range of the company's stakeholders, and has a unique association with our agents.

The Code of Ethics defines the rules and norms of conduct in regards to the Group's employees and managers, in order to strengthen Clal's position as the leading insurance company in Israel by emphasizing excellence, quality of service, professionalism, innovation, fairness, reliability and kindness, and striving for improvements. Clal is committed to acting in accordance with the accepted principles of ethics, which is why ethical aspects are made a part of the evaluation, feedback and promotion of employees and managers.

Moreover, the Code of Ethics specifically addresses ethical aspects in its interactions with our subsidiaries in the Group, in the context of business relations. The Code of Ethics therefore applies to our subsidiaries insofar as it receives updates from time to time; these are brought up for discussion at the companies' boards of directors. The Code of Ethics is publicly available on the company's website, and is accessible to the full range of our stakeholders.

The Code of Ethics was surveyed and reviewed during 2022 to examine how relevant and up-to-date it was, in a process that included discussions within the management. Afterward, the Code was updated and re-approved by the Board of Directors. During 2023, a process of reimplementation was carried out among the employees of Clal Insurance, which included courseware. 92.1% of the employees successfully passed the Code of Ethics courseware.

From the Code of Ethics:

“The Code of Ethics, and the principles that accompany it, constitute and express the appropriate value scale of the Group and characterize the guideline that accompanies it in the course of its ongoing activity, and the principles it bears in mind and toward which it strives. The Clal Group works for constant improvement in light of the stated principles and values, through a constant effort to learn, improve, implement and enhance the guiding norms of behavior.”

To read the company's Code of Ethics, [press here](#).

The leading values

✓ Serviceability and Professionalism

The Clal Insurance and Finance Group, which serves millions of customers, thousands of insurance agents and hundreds of employers in Israel, considers it its mission to work toward constant improvement in the service it provides to its customers. We do this through constant improvement in classic service processes, among which we emphasize availability, a personal approach, the culture of responsiveness, and a high level of familiarity with our customers; and through digital service processes that allow them to experience simple and uncomplicated service, 24 hours a day, everywhere and at all times.

The company strives for excellence in every field; this is expressed in how we deepen our knowledge, and in the high level of professionalism that the company's employees are expected to maintain, without exception, in all types of activity within the Group. We invest a great many resources in improving our information systems, out of a commitment to proper management of the vast amounts of information we have accumulated about every stakeholder that comes into contact with us. It is the aspiration to excellence, and the constant effort to learn, that allows us to give our customers the answers they require when it comes to both products and services, and allows them to get a sense of real value and to achieve returns over the years.

✓ Fairness and Caring

Fairness and caring are basic values in managing our relationship with our customers, and with other stakeholders with whom we are in contact in our ongoing work. We work for full transparency of information, clarity and simplicity, by fully protecting the privacy and confidentiality of the information provided to us in accordance with the provisions of the law. Our relationship with our customers is, for the most part, ongoing and long-term, and we are therefore committed to showing them fairness and care throughout the process.

We are working to offer our customers products that meet their needs in order to ensure that, despite the complexity of the industry's products, the customer will get all the information they need to understand the level of coverage they have purchased, and their rights in regard to any product or service in their possession.

✓ Innovation and boldness

Clal Insurance and Finance Group promotes innovation in the insurance industry in Israel, and constantly launches innovative products and services that respond to the need of the company's customers, and its agents, to be updated and to perform in an innovative world as well as in the traditional insurance field.

Thanks to the innovations of Clal Insurance and Finance, the company's customers and agents are able to enjoy maximum flexibility in managing their interactions with the company through websites and applications, on their personal computer, tablet, or mobile phone and through other clear and easy-to-use interfaces.

In the area of products, the company periodically launches new types of coverage to align with new needs in the market, as well as coverage packages and personal offers tailored to each customer in accordance with the knowledge we have accumulated about their previous coverage.

The structure of the ethics system and the mechanism of ethics

Clal Insurance and Finance encourages its employees to consult with their direct superiors, and with the company's legal advisors, in situations in which they encounter ethical dilemmas and situations that arouse suspicions or concerns about behavior that violates the company's rules and the principles of the Code of Ethics.

The company is committed to dealing with reports of ethical violations with fairness, responsibility, professionalism and absolute confidentiality, by ensuring that they provide an appropriate response and protection against any harassment or harm for those who turn to it with inquiries.

The following are the routes of inquiry at the disposal of the company's employees:

- Anonymous reporting through the “**hotline**” that the company operates; in accordance with the specifics published on the company site, inquiries are forwarded to the company's internal auditor and to the official in charge of internal compliance in the company
- The company's legal counsel
- Their direct or indirect superior
- An internal auditor

The process of implementing ethics in the organizational culture

The training program for employees of the Group includes ethics courseware that is distributed to employees. This is a new learning course, and as part of the ongoing implementation program, every employee in the Group is required to successfully complete the course once a year.

As part of our internal communications, we raise ethical dilemmas and problems in publications for our employees, and at employee meetings with the management; there are enrichment lectures on the subject, and aspects of ethics are even incorporated into orientation days for new employees.

Moreover, as part of the implementation of the ethics program within the Group, we are carrying out a continuous and ongoing monitoring of the percentage of employees who have undergone ethics training, and the number of suppliers and subcontractors who have signed onto the Code of Ethics.

As of the year 2023, the percentage of the Group's employees who have undergone the Code of Ethics training stood at 96.6%, and 100% of the Group's main suppliers and subcontractors have signed on to it.

We are working on a future goal in which 100% of the company's employees will undergo training in the field of ethics, and we continue to implement the principles of the Code of Ethics in all aspects of administration and operations.

Corporate Governance

From December 2020, Clal Insurance and Finance joined together without an internal core, and as such has placed a great deal of emphasis on the issue of corporate governance.

The company's management, and the Board of Directors, make sure to create infrastructures of appropriate corporate governance for all of our stakeholders and shareholders. They ensure that there are communication channels through which the company can bring these infrastructures to the attention of the relevant stakeholders. This is done in order to create an open dialogue that establishes trust between the parties.

Appointment and selection of the Board of Directors

The appointment of directors at Clal Insurance and Clal Holdings is done in accordance with the provisions of the Capital Market Commissioner and the provisions of the Companies Law, The majority of its members of the Board of Directors of Clal Insurance are amongst those recommended by an external nominating committee headed by a retired judge. The directors at Clal Holdings are appointed by a meeting of the shareholders, subject to the provisions of the Capital Market Commissioner. The chair of the Board of Directors, Mr. Haim Samet, has served as the chair of the Board of Directors of Clal Insurance Enterprises Holdings Ltd, since 2021.

Members of the Board of Directors

As of July 2023, eight directors are serving on the Board of Directors of Clal Holdings:

Board of Directors of Clal Holdings:

 Haim Samet, Chair	 Hannah Mazal (Mali) Margalio
 Yair Bar Tov (external director)	 Maya Liquornik (independent director)
 Aharon Fogel	 Moshe (Mooki) Abramovitch (independent director)
 David Granot	 Shmuel Schwartz (independent director)

50% of the members of the Board of Directors in the company are either independent directors or external directors.

Board of Directors of Clal Insurance and finance:

 Haim Samet, Chair	 Shmuel Schwartz (independent director)
 Yair Bar Tov	 Judge (ret.) Varda Alsheikh
 Aharon Fogel	 Dr. Rachel Adato (independent director)
 Moshe (Mooki) Abramovitch	 Prof. Orly Sade Ben Ami (independent director)

Professional experience and academic background of the members of the Board of Directors

All members of the Board of Directors have financial expertise. The directors have served, and some still serve, as directors and/or officers in other companies, as CEOs, CFOs, chair-people, and more. The range of academic knowledge of the members of the Board of Directors is particularly broad; from accounting and business administration, actuarial science and risk management to a broad legal academic background.

Training of the Board of Directors

As part of advancing the quality of our corporate governance, the Clal Insurance and Finance Group conducts a training program for directors who serve the group in a business capacity, and in the areas of law that apply to the Group and the directors. The program is tailored to the individual, and adapted to the role of the director. The training includes, amongst other things, conferences, enrichment lectures and courseware in a variety of relevant and current fields. In this way, the Group maintains the knowledge necessary to preserve the high level of the Board of Directors, and its professionalism.

Moreover, the company maintains biannual mandatory conferences in order to implement, among its directors and managers, the policy of compliance and the company's programs of internal enforcement.

Committees of the Board of Directors of Clal Holdings

- Audit committee
- Balance committee
- Nostro investments committee
- Compensation committee
- Information technologies committee
- Class-actions committee

Effectiveness of the Board of Directors

As part of the steps taken to measure the effectiveness of the work of the Board of Directors, we check the percentage of members of the Board who attend meetings of the Board, and their enforcement of the obligatory attendance of the members.

Managing corporate responsibility at the Board of Directors

The Group's Board of Directors takes part in the approval of decisions and policy documents in areas of corporate responsibility. Among other things, in 2022 the responsible investment policy (ESG) of Clal Insurance and Finance was approved at the Board meeting. The direct involvement of the Board stems from the great importance assigned in the Group's general strategy to ESG issues and sustainable development, and their opinions as a significant part of its core business – the investment field.

Proper management, compliance, and legal mechanisms

The Group's activities in various fields is subject to the provisions of the general law, and to those provisions of the law that apply to every relevant area of activity. The field of insurance and pension savings in Israel, which is the main component of the Group's activity, is also subject to specific laws that apply to the industry, including the Insurance Law and the Provident Funds Law. Clal Insurance and Clal Credit Insurance have an insurance license for the branches of activity relevant to their operations. Clal Pension and Provident Fund have a management company license.

The companies in the Group are overseen by various supervisory authorities. In recent years, additional enforcement/reporting powers have likewise been granted to other regulatory authorities, including the Competition Authority and the Privacy Protection Authority. The companies in the Group are exposed, from time to time, to managerial enforcement proceedings and to fines levied by various regulators, as well as to class actions in various issues that stem from the legal provisions to which the institutional bodies are subject.

The Group has a policy of compliance and internal enforcement, as well as enforcement programs for its core issues – insurance, securities, competition, labor laws, and privacy protection.

As part of our efforts to apply policy and implement the enforcement programs, the Group conducts compliance surveys and works to reduce gaps wherever they are discovered; it updates and validates the Group's procedures, and its supporting regulatory documents; it formulates and distributes courseware, and holds workshops on the relevant topics; it sets up training activities and periodic enforcement conferences, and more.

Legal proceedings

In 2022, no legal, criminal or administrative proceedings were brought against the company or its officers, and no fines were levied on the company by the regulatory authority in Israel.

Lawsuits

In recent years, as part of a general trend in the markets in which the Group operates, we have seen a significant increase in the volume of requests for approval of class actions brought against the Group, which the courts recognize as being class actions. In 2021, 11 class-action requests were brought against companies in the Group, which were ruled eligible to be treated as a single class action which was brought in 2016. In 2022, 13 class action applications were brought against members of the group, which were ruled eligible to be treated as a single class action that was brought in 2014.¹

Compensation policy

The Clal Insurance and Finance Group has a detailed compensation policy which was updated in late 2022 for 2023-2025, and is intended to help achieve the Group's goals and advance its work plans. It does so with an emphasis on looking to the long-term, and through consideration of its management of risks. The majority of the Group's companies are subject to the provisions of the Compensation for Officers of Financial Corporations Law – Special Approval and Disallowance of

¹ The data do not include MAX, whose acquisition was completed in the first half of 2023.

Expenses for Tax Purposes in Respect to Exceptional Compensation (2016). At the same time, the Clal Group, which also includes MAX, which they acquired in 2023, is subject to the provisions of the Bank of Israel and the Capital Market Authority.

In formulating the compensation policy, we considered (among other things) the salary levels and employment conditions that are commonplace in the Group and in similar companies, while emphasizing the Group's increased competitiveness in recruiting and retaining quality personnel in senior management positions in the Group. Aspects that are entirely organizational in nature, such as desirable compensation gaps between different levels, were likewise considered.

The policy document defines the compensation policy for the officers and directors in the Group, in accordance with the provisions of Amendment 20 of the Companies Law and the other relevant regulations. In addition, the company's subsidiaries adopted a compensation policy in accordance with the provisions of the Capital Market Commissioner, which apply to the company's officers.

For the company's compensation policy, [press here](#).

Further information about the Board of Directors and its activities may be found here- [Financial reports and press statements](#).

Preventing corruption and conflicts of interest

We see acts of corruption and bribery as the most serious kinds of offenses. We are therefore obliged to prevent conflicts of interest such as: an employee of the company, or anyone acting in its name or on its behalf (including agents and consultants), taking or giving anything of value from or to any party (including suppliers) in order to improperly influence professional and independent judgments, and to make a decision and/or secure a competitive or commercial advantage which does not accord with accepted standards of fairness and integrity.

We are committed to implementing norms of corruption prevention throughout the organization, including adapting supportive mechanisms and work procedures.

In light of the subject's importance, in 2023 the company's Board of Directors approved a goal-oriented policy on the subject of preventing fraud and corruption.

The company and each one of its employees, managers and officers – are committed to upholding at all times the provisions of the law, and to abide by high and uncompromising standards in matters of not giving or taking bribes, corruption, and conflicts of interest.

In addition, we are acting according to the guidelines and work practices for implementing this policy, a policy of compliance and enforcement; a policy of preventing embezzlement and frauds; and the company's Code of Ethics, including prohibiting the acceptance of favors and preventing conflicts of interest, as well as the giving of gifts and/or donations, and participation in events and hosting costs that do not serve legitimate purposes.

We are setting up direct channels for turning to the entities responsible for review and enforcement, to enable reporting or complaints because of irregularities and shortcomings, including anonymous appeals.

Preventing sexual abuse and harassment

Clal Insurance and Finance Group supports a zero tolerance policy for displays of violence, harassment or abuse of any sort.

Steps that the Group is taking to prevent sexual abuse and harassment:

- The Group has a protocol for preventing, and dealing with, sexual abuses within the organization
- All employees have taken part, over the past year, in training activities connected to the prohibition on sexual abuse and its prevention. In the context of the training, it is the responsibility of the managers to play an active and leading role in preventing sexual abuse
- Integrating the subject into orientation days and training for new employees
- Ongoing routes of communication for employees and managers
- Establishing an annual management discussion on the subject of sexual abuse
- A “**hotline**” for registering complaints
- Publication of the procedural rules for clarifying complaints
- A mechanism for registering complaints for outsourced workers and services who are not employees of the Group or employed by the Group’s offices

The ban on discrimination

The Clal Insurance and Finance Group is making a concerted effort to employ workers without discrimination on the basis of gender, sexual orientation, ethnicity, religion and nationality or any other characteristic, and is careful to provide equality of opportunity and to create diversity and inclusion of the mixture of people it employs.

Risk Management at the Group

Risk Management at the Group

The Clal Insurance and Finance Group works on a regular basis to monitor, evaluate, and manage short- and long-term risks according to the three-line defense method. Accordingly, the company is building a set of tools for dealing with a variety of scenarios, including future extreme scenarios, and defining relevant solutions aimed (as previously mentioned) at reducing, preventing and managing the various risks.

The discussion of risk factors also includes forward-looking knowledge based on the information available to the Group at the time of the report, and includes the assessments of the Group or its intentions for the future as of the date of the report. The estimated impact of risk factors is based on an analysis of exogenous and endogenous variables, and on the calculations of the Group's management on the basis of the information available at the time of the evaluation, and while taking into consideration the estimated probability that the risk will be realized, with actions to reduce the various risks (mitigation), and its potential outcome.

The financial reports include a disclosure about various risk factors including macro risks (such as an economic slowdown in Israel, market risks and demographic risk); industry risks (such as legislative and regulatory changes, risks of catastrophe and legal risks); and risks at the level of the Group (such as operational risks, information systems risks, cyber risks and climate risks). They do indeed include ways of dealing with these risks.

Internal audit

The work plans of the internal audit for the years between 2020-2022 dealt with the company and the activities of its subsidiaries, and in particular with the company's substantially held corporations. The internal audit operates according to a multi-year work plan (for a period of four years), and according to a year-long work plan derived from it. The setting of audit topics largely depends on the level of risk inherent in each area of activity which is being audited, and on the probability that the risk will be realized.

The setting of audit topics, and the frequency with which they are audited, is based among other things on a survey of risks carried out by the internal audit in 2020, which served to determine the multi-year work plan for 2021-2024. Within its framework, emphasis was placed on (among other things) the financial scope of the operations that were proposed in order to carry it out; auditing, and the exposure to operational risks, regulators and others which is inherent in every operation.

Managing cyber risks and information security

The Group is exposed to cyber risks, due mainly to the volume of sensitive information in its possession and the volume of the funds it manages. These risks include, among other things, the disruption of work processes; damage to the availability of systems; the corruption of information; and damage to the confidentiality of the information it holds. These are the result of unauthorized use of its information assets, and/or failures in its information-security system, and/or the actions of hostile elements such as criminal groups in the cyber world; these can lead to financial damage, and damage to the company's reputation.

The Group is working to implement a cyber-protection policy that was approved by the Group's Board of Directors. The cyber protection implemented by the Group includes, among other things, checks on employee-recruitment processes and contacts with suppliers; increasing employee awareness; maintaining physical security; network protection; protection of systems and applications; procedures for compartmentalizing permissions and separating roles; and tools for monitoring and control.

With all components relating to the services of substantial outsourcing, the Group maintains a structured process of risk management, through the supplier's commitment to abiding by the information-security requirements which the Group has set. The Group likewise conducts information-security audits with said suppliers, and tests of the durability of the security system which are performed independently and with the help of organizations that specialize in the matter.

Effects of climate Change

Climate change is considered a global risk that is expected to lead to an increase in the frequency and intensity of natural disasters worldwide, thus affecting global social and economic systems. Consequently, the potential effects of climate change processes permeate the entire economy, including the insurance industry. In light of this, and to mitigate the negative potential of climate risks, we manage this area of risk as an integral part of our environmental risk management system. This is based on the concept that insurance is an economic tool designed to reduce and mitigate risks, enabling improved recovery capacity and increased resilience.

In recent years, the definition of environmental risk has expanded, and it is now commonly seen as a global risk arising from the potential harmful effects of environmental changes on people, ecosystems, and economic and financial activities as a whole. These environmental risks include air, water, and soil pollution, damage to biodiversity, and the effects of climate change. These may cause damage to private and public property, and even lead to injury and loss. Studies indicate that the insurance industry is expected to face an increase in the volume of claims filed for property damage and mortality in the long term, necessitating preparation and adaptation for the future.

Clal has an environmental policy, within which an environmental risk assessment was conducted. Additionally, the company's management has embraced environmental commitment values and instructed its professional divisions to adjust their activities, in order to enhance efficiency and improve the company's environmental performance. As a foundation for this endeavor, the company's management decided to implement the ISO 14001 international environmental management system standard. Compliance with the standard's requirements is checked annually by the IQC Institute. Furthermore, the company monitors the development of regulations and relevant requirements and will act accordingly to implement relevant guidelines.

Service and customers

The services offered by the company

The main activity of Clal Insurance and Finance is in the long-term insurance and savings fields, including general insurance, health insurance, life insurance and pension and provident products for both private customers, and companies and businesses. The Group also owns assets and additional businesses, such as holdings in insurance agencies.

Our concept of service

Our quality service is a core organizational value. The company is working towards more professional and high quality customer service and responses, as it recognizes and maps out the needs of its customers. We will continue to work on our service, in order to maintain and improve the satisfaction levels of our customers and all of our stakeholders.

The service sector is the link that connects us with our approximately 2.5 million customers, and is an integral part of the Group's business strategy which recognizes the customer's experience as a key component to its success. All of the Group's departments are committed providing an experience of efficient and excellent service.

The service representatives of Clal have an average tenure of two and a half years; one of the highest in the industry. The company invests in many resources towards improving training and the conditions for our employees of our service representatives. Clal sees knowledge and experience as bringing significant value to the customer experience.

In addition, the company is careful to train and invest in the professional development of its people in matters of service. In order to provide the best service, the Group works to make services accessible through various technological solutions, and develops innovative products and services that are tailored to the changing needs of its customers.

The values of service

We work with our various customers in accordance with our terms of service, which include the following principles:

- Fairness and respect
- Transparency and straightforwardness
- Professionalism
- Availability
- Listening, learning, and improvement

In the areas of provident and pension funds, we have improved the grades we received (89-90, respectively) alongside a growth of about 15% in deposits as compared with the previous year.

Types of customers

- **Long-term savings** – Our main customers in this area are: clients who are salaried or self-employed, employers, private or commercial/collective policyholders
- **General insurance** – private and commercial policyholders, and third parties
- **Health insurance** – The primary types of customer are private policyholders and business clients

Quality of service

The company strives to place the customer at the center, and to establish a relationship based on trust with customers, agents and employees. The company acts with respect and fairness to create a stable basis for a business relationship with the customer. It is likewise working all the time to make insurance procedures as accessible and efficient as possible by accompanying customers, orienting them, and providing them with detailed and relevant information. In addition, the company is working to provide quick responses, by increasing the availability and continuity of service in a variety of communications channels with customers.

We promote dialogue with our customers through a wide range of channels aimed at creating an ongoing process of study, learning lessons and improving the customer experience. As part of this concept, the company is constantly developing effective monitoring, control and measurement tools for the area of service.

The measurement process desires and strives to map out aspects and obstacles that are relevant from the customer's point of view, in accordance with the following criteria:

- Scope of activity
- Quality of solutions
- Readiness to respond
- Satisfaction
- Rapidity of solutions
- Efficiency

Innovative products in the field of insurance

The “Clal Button” app

The “Clal Button” app is an emergency button that summons urgent help from the relevant service providers in the area of claims for cars, apartments, and travel abroad, without excessive waiting on the line and with simple and short procedures. The app, the first of its kind in Israel, allows policyholders to make direct contact with the Clal Insurance and Finance center at any time, and to order a variety of emergency and rescue services – in cases of car accidents, flooding in the home, baggage delays abroad or a medical issue abroad. The app offers direct calls to the center, video calls from the scene of the accident, WhatsApp calls, and a quick procedure for filing a claim. This allows the company to provide security to its policyholders no matter where they are, in Israel or abroad.

Smart executives' insurance “Executives First”

Intelligent executive insurance that allows the management of continuous and fluctuating deposits with the same policy, with the customer paying from the first moment optimal management fees that are keyed to the amount of the accumulated balance, and adjusted for both employees and the self-employed. This insurance product won the "Move of the Year in the Long-term Savings Industry" Award of "Adif" in 2021.

The circle of organizational empathy

In recent years, the company has implemented a new and unique index – the empathy index.

This measure addresses the content and the relevant aspects from the viewpoint of **the customer**, and motivates the operations of the service units, for which the criteria are:

- Scope of activity
- Quality of solutions
- Readiness to respond
- Efficiency
- Rapidity of solutions

Methodology of the measure

- Regular projection of gaps, monitoring and supervision of decisions, and improving operations;
- A monthly forum for service indices and a compensation model for senior management;
- A survey system for measuring customer satisfaction and NPS (the recommendation index – a central tool for evaluating customer satisfaction);
- Adopting service indices – the Capital Market Authority, the pending index and the service indices for different products;

The company believes that creating empathy among the company's employees and its customers is a way to increase trust in the company. It has therefore identified five central goals for strengthening the area of service, as a basis for improving the customer's experience:

- 1- Creating an employee experience that is empathetic, considerate and attentive to the customer's experience
- 2- Strengthening the confidence of the company's employees as a basis for creating confidence among the company's clients
- 3- Creating positive energy among employees who provide services
- 4- Mobilizing the company's employees to give service and create an exceptional customer experience
- 5- Empowering first-line employees

Providing service to our agents

Apart from its activities and its direct contact with its customers, Clal Insurance and Finance works together with insurance agents whom it sees as its business partners in its success and in the achievement of its goals. Insurance agents are at the forefront of the company, they therefore work to nurture and to strengthen on an ongoing basis, its relationship with them out of a sense of commitment, fairness and mutual trust. The idea is that it is professional and quality service that will lead to the company's business growth. At the same time, the quality of the service given to agents, and the speed of response to their inquiries, is critical. Clal Insurance and Finance is therefore working to constantly improve its work interfaces with them. Clal Insurance and Finance is constantly striving to expand on its activities with its agents, with the goal of thriving in its work interface in a way that will improve service for them, and of course for their policyholders.

Surveys of the Agents' Association

A survey of the opinions of agents from the insurance companies, investment houses and software companies in the insurance and pension industry, among the members of the Insurance Agents' Association

Each year, the Insurance Agents' Association conducts a survey that examines the opinions of agents from insurance companies and investment houses, among the members of the Insurance Agents' Association. The survey examines the satisfaction of the respondents to a variety of service indices provided by the insurance companies, such as: handling claims; the professionalism of employees; availability; flexibility; making decisions having to do with the payment of claims and transparency in calculating fees.

The collection of questions was conducted online. It likewise examined the readiness of insurance agents to recommend the insurance company to a colleague, and their wish to avoid working with the same company.

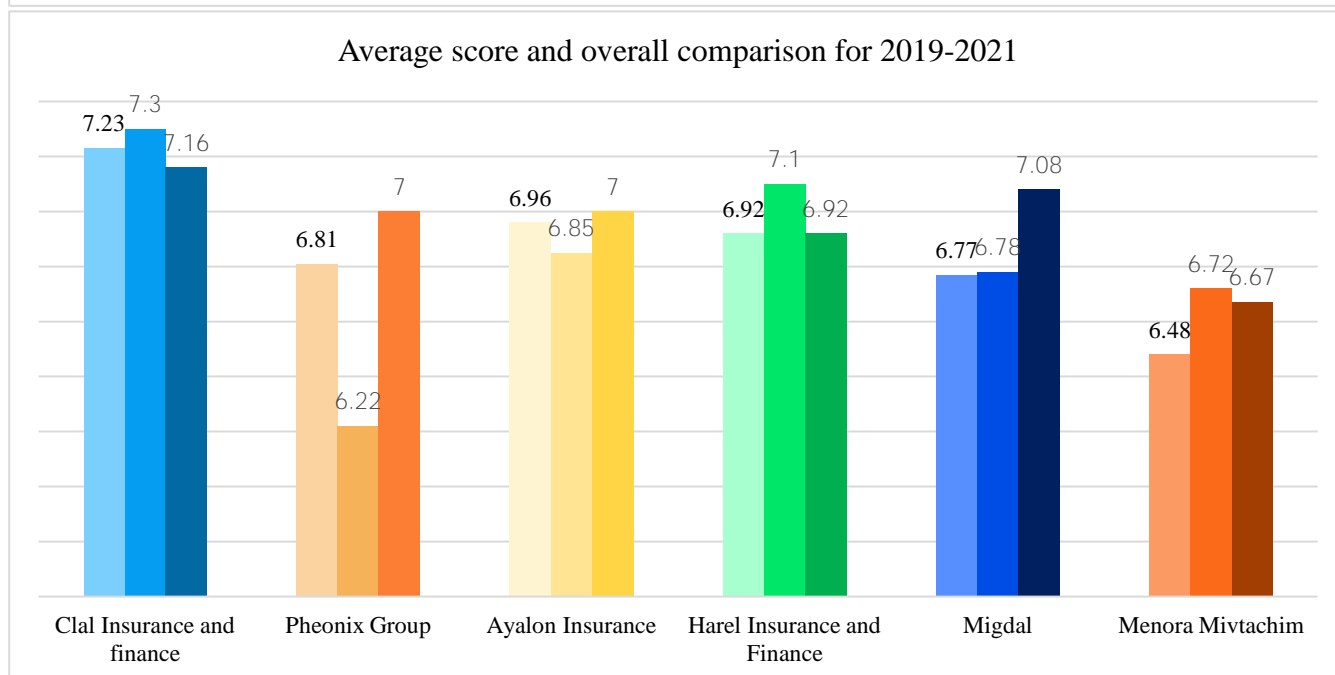
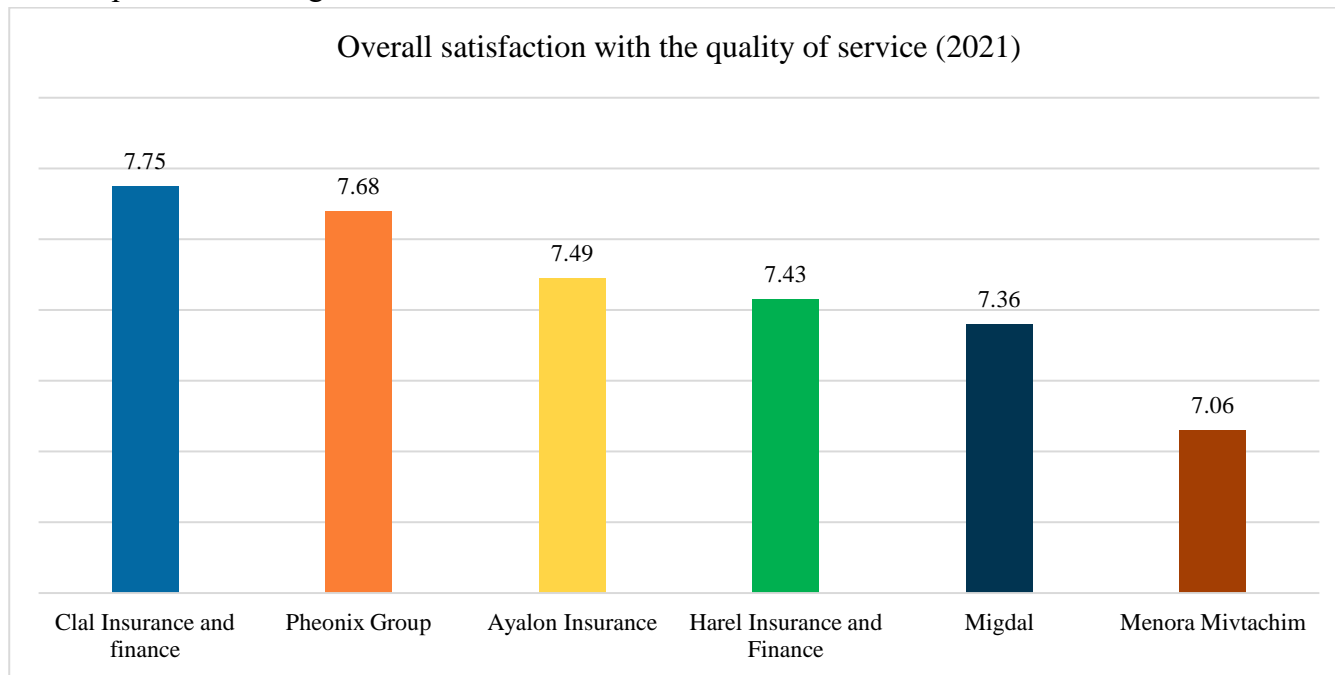
In surveys published in 2021 and 2022, Clal Insurance and Finance was ranked first in a survey of satisfaction among the large companies in the pension industry. In addition, the survey shows that the highest satisfaction among insurance agents is in their work with Clal Insurance and Finance, as compared with the five largest insurance companies in Israel.

A survey of the opinions of agents on the subject of elementary insurance

In a survey published in 2021 by the Insurance Agents' Association, which examined the opinions of the agents, Clal Insurance and Finance was ranked first in the decision fairness index on the issue of paying claims; the level of employee professionalism; transparency in the calculation of commissions in the company; the convenience of work on the company's portal; the technical support service; and general satisfaction with the quality of the service.

The collection of questions was conducted online and over the phone, and satisfaction indices relating to the service provided by the insurance companies in various fields were examined such as: satisfaction with the service in the companies; satisfaction with the quality of service in areas/districts; willingness to recommend the company; taking care of plumbing damage; aids and software for managing the office.

The results of the surveys reflect the professional and strenuous work done by the company out of a desire to provide its agents with the best service in the industry, which will enable them to develop and to operate according to the same standards for their clients as well.



Average summary score of the insurance companies; lighter shades indicate previous surveys (2019, 2020, 2021)

Empowering our agents

Clal Insurance and Finance has introduced for its agents “**Clal College**”, the guidance center for professional training for Clal Insurance and Finance agents. The goal of the program is to give agents the professional and innovative tools to manage the different fields of insurance, and to enrich their activities on behalf of their customers.

Clal College provides extensive professional support to agents and their employees in all the realms of insurance – elementary, life, pension, finance, savings products and more. Every year, about

2,000 agents and office managers benefit from thousands of trainings in the professional, behavioral and operational realms.

In the professional realm – there are orientations that address the regulatory field, familiarity with the company's products; and reinforcement trainings in a variety of additional professional fields of knowledge.

In the organizational realm – trainings are given on the subjects of marketing the business, tools for independently managing the business, and providing substantial expertise in all the realms of insurance.

In the operational realm – orientations are organized on the subject of independent management of work interfaces with the company and the operation of current systems, within the framework of the daily management of customer accounts.

In addition, we offer within the framework of **Clal College** a specialized program for agents who specialize in finance, with the aim of providing them with professional and innovative tools for proper management of their clients' financial concerns. The program lasts for about four months, and consists of two parts – five theoretical sessions and three practical sessions. Within this framework, Clal Insurance and Finance offers its agents information for the proper planning of financial and pension accounts, acquiring knowledge in analyzing them, becoming familiar with the company's products and the paths of investment found in the market, matching the level of risk to the customer, and more. On the practical level, insurance agents apply their knowledge and tools in their meetings with customers, through close professional supervision from experts in the company.

Clal GROW – A program consisting of 14 sessions which is designed for a select population of young agents who are starting a new independent business. In this program, we provide practical tools and rich knowledge for managing a business; training for young agents; a course for office managers; conversion of agents' offices to 360° sales; and more.

Innovation in our work with agents

For Clal, development and innovation constitute a significant element in its ability to optimize and improve the service given to the company's agents.

We are working all the time to develop new systems and improve existing digital interfaces, with the goal of making our insurance products accessible and easing the process of signing up for them. In this way, the company's insurance agents will be able to provide the best, most reliable, fastest and highest-quality service to their customers.

Below are a number of examples of innovative digital interfaces that have been implemented in our work with the agents during the reporting period:

Leadia

This revolutionary digital interface is based on artificial intelligence, and was developed as a bot on WhatsApp. This interface allows Clal agents to send leads, anywhere and anytime, in an accessible and simple manner. In addition, the interface allows agents to tailor products to their customers on the basis of recommendations, and in accordance with real-time data. This way, the agents can manage more efficiently, maximize their sales, and match their policyholders with the products that suit their needs.

Bafi

An innovative and advanced car-insurance interface that allows the company's insurance agents to carry out direct and digital production from the "Bafi" simulator, and complete the entire process of purchasing the policy. All this is done at the touch of a button, without the need to enter into the company's core systems, and it allows for great savings in operating costs and time.

Sales opportunities

This new interface allows the company's agents to get a full and detailed picture of the status of the savings and insurance policies of their clients. That way, agents will be able to use the interface to analyze and segment the data into different areas (apartment, car, health, and more). Moreover, an agent using the interface can identify opportunities for new sales for their customers; suggest insurance products that they might purchase; and connect them with insurance online.

[This tool was developed in accordance with the requirements that emerged from the field through the agents; and it expresses the importance of the company's dialogue with its agents.](#)

Online claims

Clal has launched a digital platform on the Clalent website for an agent in the field of claims which makes it possible to open a new claim and examine the status of an existing claim. This service makes accessible to insurance agents in a variety of subfields (caregiving, travel abroad, car, apartment, life, health) the ability to open a new claim, along with registering its specific details and uploading documents directly to Clal's systems. At the end of the process, the agent receives an e-mail with the claim form and its details. In addition, agents can, with the interface for the status of existing claims, examine the situation of the claim through various cross-sections, according to the areas of insurance and throughout the process.

Digital production in inquiries by means of an SMS simulator

With the help of an innovative digital transmission process, the SMS simulator allows the company's insurance agents to carry out for its pension customers a digital production of the processes of joining and moving to the pension funds. In addition, the agents will be able to broadcast the set of documents directly from the simulator to the company's systems. When the forms are transferred to the company, their integrity is checked and production of the process in the pension system is immediately carried out.

Sompo

Collaboration in the fields of innovation and excellence at Sompo

Clal Insurance and Finance signed a memorandum of understanding for strategic cooperation with a giant in the fields of technology, innovation and cyber. The process was led by the Sompo Japan Insurance, the CEO, and the director of the General Insurance Division, and as part of the agreement, a collaboration will be established for locating advanced technologies; implementing digitization processes; constructing new services and insurance products; sharing knowledge and instruction in management interfaces and systems in the fields of health insurance, car insurance, and more.

In addition, the companies will cooperate in the realms of cyber, and will conduct joint instruction in this field according to the insurance industry's needs – identifying and investing in startups, promoting cyber-security products, and planning toward the establishment of a cyber laboratory in Israel.

Forbes Magazine's Ranking of institutional investment managers

Clal was ranked at first place among insurance companies in the industry, in a ranking of the best institutional investment managers in Israel for 2022 done by Forbes Israel.

"The 100 Best Companies to Work At"

In May 2023, Clal was ranked first place among the traditional insurance companies in the ranking "The 100 Best Companies to Work at in Israel for 2023" of **TheMarker** and **CofaceBDI**.

In addition, it was ranked 20th among all of the leading companies in the Israeli market; nine higher than its place in comparison to the previous year.

The Winners of the Year of "Adif"

Clal won the prize for "Most Significant Business Improvement in the Past Five Years" at the 2022 Adif meeting, thanks to the business momentum it has achieved in recent years in all areas of its core business. In addition, it won the rank of Adif's Winners of the Year, with three leading products – Clal PAY and Clal VIEW won in the "Innovation of the Year" category; and Clal's bot team won in the "Move of the Year" category.

Innovation at Clal

Innovative products in the field of insurance

A quality and professional service that creates value for the stakeholders, of the kind Clal Insurance aims to produce, goes hand in hand with business innovation and the use of technology as a means of streamlining existing processes, and improving products and services. To that end, Clal implements technological improvements in our work processes, and in this way promotes an innovative and advanced work environment.

The “Clal Button” app

The “Clal Button” is an emergency service empowers customers who need immediate and rapid assistance in the area of insurance claims for cars, apartments, and travel abroad. The service allows policyholders to make direct contact with the Clal Insurance and Finance center at any time, and to order a variety of emergency and rescue services in cases of automobile accidents, flooding in the home, baggage delays abroad or a medical event abroad. The service offers direct calls to the center, video calls from the scene of the accident, and a quick procedure for filing a claim. This allows the company to provide fast and efficient WhatsApp call service in Israel and abroad.

The “Clal Button” won the prize of the innovation committee of the Israeli Marketing Association as the winning rollout of the first quarter of 2020. It won the prize because the Clal Button offers a technological solution to an existing problem, and provides a response to customers at times of emergency.

Smart executives’ insurance “Executives First”

Intelligent executive insurance that allows the management of continuous and fluctuating deposits with the same policy, with the customer paying from the first moment optimal management fees that are keyed to the amount of the accumulated balance, and adjusted for both employees and the self-employed. This insurance product won the "Move of the Year in the Long-term Savings Industry" award of **Adif** in 2021.

Clal VAR

A service that includes sending a smart dash-cam to the to the policyholder’s home; close and immediate accompaniment in the event of an accident; immediate alerting of rescue services when necessary in the case of injury at a road accident; towing services and a replacement vehicle as needed; repairs and direct payment to the garage by Clal VAR; filming what happens on the road in real time, and reporting online to the hotline which provides a dedicated escort to the customer in case of an accident, for the entire course of the incident.

Clal Mileage

A service that offers a kilometer-by-kilometer insurance plan that allows drivers who drive less often, to pay less for their insurance. The program lets the client receive a discount of up to 10% off the cost of their insurance depending on how much they drive. During their purchase of insurance coverage, a suitability test is carried out according to the vehicle’s mileage data, and on this basis, the insurance premium is set with the discount. The customer’s suitability test is done by connecting them to a smart and simple technology that enables the transfer of the insured vehicle’s mileage data. The cost of insurance is set in advance and does not change in the course of the insurance period.

Clal BEHAVE

A service that offers careful drivers an additional discount that is revised each month in accordance with the quality of driving and the amount of travel. The discount can reach up to 40% towards their monthly payment on comprehensive car insurance. Drivers enjoy a detailed breakdown of the score, the mileage and the amount saved, including a listing of the trips and various statistics which help them to improve and save each month.

The score is set with each trip, in accordance with any incidents that took place and their severity, such as: aggressive braking and acceleration; mobile phone use while driving; speed while traveling; and sharp turns. Each driver sees only the incidents that pertain to their driving, and the weighted score on a monthly basis, while the policyholder can see the weighted score of all of the vehicle's drivers on a monthly basis. Each month, the app weighs the driving score and the number of kilometers of each of the drivers listed for the vehicle.

Clal BEHAVE won first place in the 2021 competition for excellent projects of the Israeli Chamber of Information Technology.

Unified profile

A digital customer profile that concentrates for the policyholder, and for their agent, all of the funds in the pension savings at the policyholder's disposal, and in this way facilitates their management and saves on costs. In addition, the management fees of the new product are reduced in accordance with the policyholder's compounding, so that the policyholder enjoys a reduction in management fees over the long term.

Cyber insurance

A service that offers cyber insurance for cases of shaming and cyberbullying; digital data recovery and ransomware; identity theft; phishing; online theft; and more. The service provides comprehensive protection for network activities to private customers who are exposed to cyber-attacks and threats, violence, and network extortion.

The insurance policy provides policyholders with reimbursement of expenses for legal and psychological counseling; assistance and advice from a cyber expert for recovering data damaged as a result of malware, cyberattack and ransom demands, and a monetary refund against digital theft of funds.

Advanced cyber insurance for business and offices

A service that offers a cyber policy for both businesses and the broader public, with the purpose of limiting the direct financial damage caused as a result of harmful cyber incidents, as well as the damage caused to a third party. [The policy offers the accompaniment of experts in the cyber field, who will offer a professional response over the course of the incident.](#)

[In 2021, the company presented the policy as part of a cyber conference that it held for its agents.](#)

Online apartment insurance

A service that offers an advanced digital platform for purchasing insurance in two minutes. The service makes it possible to receive a price quote in only four steps, without the need for revaluation surveys, in accordance with the protection currently held by the apartment and at attractive rates.

Medical underwriting test services from home

A service that offers policyholders the option of comprehensive medical underwriting tests from home, through an innovative and unique collaboration with the company "MP Check".

The service is intended for customers who wish to purchase risk insurance or a risk mortgage, and are required to perform medical underwriting tests as part of signing up for the insurance, including ergometry tests. These customers will be able to perform them at home without having to go to outside institutes. The efficient and innovative process significantly shortens the testing process. The appointment for the visit will be made with the customer to fit the time available to them. The test results are received immediately, and transferred to Clal Insurance and Finance, and the underwriting process is concluded within a short time.

Clal Express

A direct and fast service that is carried out via mobile phone for purchasers of travel insurance abroad. The service allows the policyholder to receive personalized coverage; an immediate payment in cases of delayed luggage; a discount for the purchase of foreign currency which may be collected directly at the airport, and online medical advice in Hebrew, through a video call, from anywhere in the world and at any time (24/7).

Examples of Clal Insurance rescue stories abroad: The road accident in Georgia

With the announcement of the serious accident in Batumi in Georgia in September 2022, MedAssis, the rescue and medical-assistance company of Clal Insurance and Finance, returned the injured to Israel by air ambulance with a medical team and an ICU room, followed by the best care in the country.

Rescuing Israelis in the Himalayas

In the wake of the severe snowstorm in the Himalayas and close to the Sukkot holiday, Clal sent its rescue team in October 2022 to Nepal together with Nadav Ben Yehuda, a climber, rescuer, and representative of the government of Nepal for tourism issues.

Despite the severe and dangerous weather, the team was able to rescue all of the dozens of policyholders, who were trapped in the snowstorm, from the Himalayas in Nepal.

Rescuing an Israeli hiker in Georgia

Clal assisted, in October 2022, in rescuing an Israeli who went down in a helicopter in a mountainous region in north Georgia during a trek with his friends, due to a snowstorm that had struck the area. That same night, they flew him to Israel to receive the best medical treatment.

Implementing intra-organizational innovations

The CRM system

This innovative AI-based system helps all of the company's service centers to provide advanced digital service through communications interfaces with the company's agents and customers. The choice of this system is the product of a thorough process in which various system providers were tested in order to find the system that would meet our requirements, and our commitment to the highest-quality service.

System for storing and managing information security

This solution allows the company to reduce its storage costs by about 70%, along with increasing storage efficiency. In addition, this system serves as a tool for helping the company adapt to regulations in the industry which require, among other things, the ability to preserve information

over the long term; the ability to recover data quickly; and serious measures to preserve information security.

JOOPY Insurance of the Incentives Solutions company

A technological solution developed in collaboration with the Clal Insurance and Finance company, which offers a response to managing work agreements with insurance agents, and helps in calculating the volume fees. One of the complex challenges in the field of insurance for insurance companies, is calculating the volume fees of insurance agents due to the heavy competition in the field, and the need to realize complex business models quickly and transparently. This product provides a solution to this challenge, and has even been defined by the research firm Gartner as one of the most innovative developments in the sales performance management market.

Establishing an advanced cloud infrastructure

Clal Insurance and Finance won an award for establishing an advanced cloud infrastructure at the VMware Technology Conference held in Barcelona in November 2022, as part of the digital transformation implemented by the company. This technological infrastructure has enabled Clal to modernize its various technological applications and run them in a cloud environment, while maintaining its superb security and elasticity capabilities and meeting the objectives set by the company.

The technological project that stood at the heart of the award was the implementation of an infrastructure that made possible the dynamic management of containers of a variety of services, for the sake of improving performance and managing workloads.

Within this framework, the system for managing work schedules, and the management of elementary insurance, were broken up over the last three years into hundreds of services.

Clal was the only insurance company to implement a project of this scale, and it invested a great deal of effort and many resources into it, in both manpower and money; the project passed production stage after two years.

Afterward, Clal carried out the same process with health insurance apps and other products in the field of life insurance. Today, every new app is written in this configuration, which gives developers great flexibility and contributes to the core business through the production of advanced products and upgraded capabilities. This is done by significantly reducing the time for supplying products to the production environment, which fell to only weeks instead of months.

Our Human Capital

The employees' importance to the company

We pay attention to the changing needs of our employees, and invest substantial resources in training and providing tools for the development of excellence and innovation. Our employees are our most precious possession, and are our primary partners in our success and in achieving the goals of the company. We believe that professional, committed, and motivated employees are a unique factor in our success, and as a leading firm.

The Clal Insurance and Financial Group insists upon equality of opportunity, and on creating a diverse and inclusive work environment. Trust and fairness are the foundation of our organizational culture, and of how the Group operates and behaves. Company employees reflect outwardly what is most important to them in terms of their service; in their approach; and in the attitude of the service providers. The employee's perception of the Group, and the degree of their confidence in it, have a significant impact on the employee's level of connection and commitment to the company.

Every aspect of the Group's human resources is administered through the division of human resources, whose goals are: increasing motivation and organizational engagement; strengthening employer branding; and implementing a culture of well-being.

Every year, the division defines the goals for the coming years and adopts a forward-looking approach to identifying the challenges and changes expected to impact the work, by addressing various fields including: diversity in employment and equality of opportunity; efficiency in recruitment processes; employee retention; development of employees and managers; organizational engagement and commitment; internal organizational communication; implementing innovation in work processes; and more.

The Group, led by the human resources division, works to ensure continuous improvement through listening to, and caring for, the changing needs of the Group and its employees. The Group invests in the development of its human resources, by taking a holistic approach that pays attention to processes, technology, people and organization.

Distribution of employees

Units	Number of Employees in 2020	Number of Employees in 2021	Number of Employees in 2022
Central Staff and Service Bodies ²	643	625	639
Health Division ³	617	655	62



² Central Staff and Service Bodies include: office of the CEO, division of internal audit, department of marketing and strategy, division of legal counsel and regulation, division of risk management, control and enforcement, Clal IT division

³ The decrease is due to the fact that the activities of the health division and the customer department have been split into a number of divisions, including the transfer of the customer-relations division to the long-term savings division, and the transfer of the private-customer department to the service, human resources and operations division.

Agent Department	254	219	223
Long-term Savings Division ⁴	155	142	340
General Insurance Division	131	121	125
Claims Department	317	332	356
Service Division, Human Resources and Operations ⁵	1134	1143	1154
Investment Division	172	117	120
Clal Credit Insurance ⁶		48	47
Finance Division	355	377	383
Total Employees of the company	3778	3780	3849

Of the distribution of employees, the senior administration of Clal Insurance accounts for 14 managers in 2023, in addition to the CEO of the company and the Group's internal auditor.

The company's officers are:

 Company CEO	 Director of the finance division
 Director of the health division	 Head of the general-insurance division
 Director of the investment division and CEO of Canaf	 Legal counsel
 Director of the long-term savings division	 Director of the marketing and strategy department
 Chief risk manager	 Director of the service, human resources, and operations division
 Director of the claims department	 Director of IT division
 Chief internal auditor	 Chief actuarial

43% of all the members of management are women

Types of employment

In April of 2022, a new collective agreement was signed between the employees' union of the Group and the management of Clal Insurance and Finance, which will be in force until the end of 2024. The agreement includes average salary increases of 13% for every employee over the course

⁴ The increase is due to the transfer of the employees of the customer-relations division from the health division and the customer department to the long-term savings division.

⁵ The increase is due to the transfer of the employees of the private-customer department from the health division and the customer department to the service, human resources and operations division; and the fact that the activities of the sales centers were adjusted to fit the volume of activity.

⁶ Clal Credit Insurance was separated from the investment division.

of three years. In addition, the company's cleaning workers were added to the framework of the agreement into direct employment, and a minimum wage was fixed at the company which would stand at NIS 6600.

The new collective agreement will apply to about 3500 of the company's employees. There are as well 226 employees on a personal contract, and 90 supplier employees.

	Women	Men
Permanent employees	1828	705
Temporary employees	678	322
Full-time employees	2470	1175
Part-time employees	168	37
Employees on an individual contract	90	136
Employees of suppliers	42	48
Total	69%	31%

The data on the table are correct as of December 31st 2022

Employment diversity and equality of opportunity

Clal Insurance and Finance is serious about equality of opportunity, and about cultivating a diverse and inclusive work environment. The Group hires employees from the entire spectrum of the population, without bias or discrimination on the basis of religion, sex and gender, nationality, disability, sexual preference, or any other characteristic. The Group invests a great many resources in promoting communities which are underrepresented in the employment market. Additionally each year we set ourselves an annual goal of increasing the company's employment diversity.

A diverse work environment increases aspects of innovation, creativity and efficiency in business operations; reflects the community of the company's customers by turning to a broader section of the population, and allows the company to develop new products and services, and to promote innovation in its field.

Ranking of diversity and inclusion by the Maala organization:

The ranking of diversity and inclusion looks at data as to diversity ratios among the employees of the companies; measures of organizational inputs that promote diversity, and administrative activities that promote an inclusive work environment and encourage a feeling of belonging. The ranking is conducted as a cooperative effort between the Equal Employment Opportunity Commission at the Ministry of Economy and Industry, and the Maala organization. In 2023, Clal achieved for the first time the rank of diversity and inclusion of Maala, and earned the highest grade – **five stars**.

Gender diversity

At Clal Insurance and Finance Group, a significant majority of the people employed at the company are women. Women constitute 69% of all the Group's employees, while the percentage of women in managerial positions stands at about 61% in senior administrative positions (officers). We have made it our goal to maintain a high percentage of women in managerial positions - much like the situation that exists in the company today. There are 473 women in managerial positions and at various levels of administration; six are managers in the senior administration which amounts to 43%, and are amongst the top of highest salary earners.

Among the top ten percent of employees at the company who receive the highest salaries in the Group, the percentage of women stands at 43%.

At the start of 2023, we began the "**Future Women CEOs**" program for promoting and mentoring women, whose purpose was to increase the percentage of women employed at senior management positions in the company. The program is intended for women in senior administrative roles who wish to be readied for positions as CEOs and directors. The goal of the program is to promote ambitious women and to create a reality in which more and more women serve in senior management positions in the Israeli economy, out of a broad vision to significantly increase the impact of women in decision-making within the business sector and to contribute to reducing the gender gaps in the Israeli employment market. During the course of 2023, 25 female managers participated in the program.

Wage-gap analysis report for 2021 and 2022

In accordance with the requirements of the Male and Female Workers (Equal Pay) Law, which went into effect on 1 June 2022, Clal Insurance and Finance performed throughout the company a thorough analysis of the wage data for the years 2021 and 2022 in order to examine the wage gaps between men and women.

The data to measure the wage gaps as accurately as possible was analyzed into showing that the employees were segmented into 25 groups, with the aim of creating groups whose female and male employees matched as closely as possible the definitions of the position and/or rank.

The analysis showed that the average wage gap stands at 4% in favor of men in the company in both 2021 and 2022; a gap that is significantly lower than the minimum average gap in the various branches of the private sector in Israel, which stands at about 24.3% (as of 2019; according to OECD data).

To see the public report for 2022, click [here \(Hebrew\)](#).

Intra-organizational aspects of diversity

In 2021, the company recruited 41 employees between the ages of 41 and 60, and three above the age of 60. The company's operations toward absorbing workers during the operational year 2022 rose by at least 10% as compared with its operations in 2021, in regard to the ultra-Orthodox community.

Intra-organizational operations we have carried out in the area of diverse employment:

- Appointing a woman responsible for diversity and inclusion
- Setting up a monthly forum for diversity and inclusion
- Adjusting the calendar to the holidays and festivals of various faiths
- Adjusting the classification, absorption and integration process to account for gender, age, and culture
- Making publications accessible to employees with disabilities, integrating messages about a safe and welcoming work environment in the company's publications
- Making the information accessible, of what appears in the wage-gap analysis report, and implementing a complementary process for instilling awareness

The percentage of employees from diverse communities, out of the total of the company's employees in 2020-2022

	Ethiopian descent	People with disabilities	Ultra-orthodox	Arabs
2020	1%	3%	12%	2%
2021	1%	4%	10%	3%
2022	1%	4%	11%	3%

Initiatives and collaborations for promoting a diverse community

The company invests in developing relationships with organizations that specialize in recruiting and placing workers from underemployed populations, including: Arabs, ultra-Orthodox, people with disabilities, those aged 60 and above, Ethiopian descent, new *olim* and immigrants and other diverse populations. Here are some examples:

Collaboration to establish Autism Friendly – a club established in cooperation with the “Being There” organization, which works to provide opportunities for children on the autistic spectrum; and the "**HackAutism**" initiative which works to develop solutions for people on the spectrum.

The club has promoted activities and programs that have helped all of us become a more inclusive and empathetic organization; supported employees with autism, or employees with family members on the autism spectrum; helped to map positions in the company, and to recruit employees on the spectrum while adapting the organizational environment to their needs, and more.

Call Yachol – Call Yachol is a company that provides professional services, most of whose employees have disabilities. As part of the goal of the Clal Insurance and Finance Group to increase the percentage of its employees with disabilities, the Group initiated a collaboration with Call Yachol. As part of this collaboration, workers who are employed at Call Yachol provide services to Clal Insurance and Finance. It should be pointed out that even though these workers are not employed by the Clal Insurance and Finance Group, they do take part in the various events held by the Group. The Group is trying to broaden each year the scope of its activities with Call Yachol.

Co-Impact – Clal has collaborated with the Co-Impact program to promote the appropriate and egalitarian employment of workers from the Arab community. In this context, we have worked to expand the scope of publication of classified ads on Arab advertising channels in the Arabic language, in order to increase recruitment within Arab society. At the same time, we have defined goals for recruitment and given the company’s employees enrichment sessions on the subject of Arab culture.

Lighthouse Program – A program focused on developing and providing professional, up-to-date and innovative services, and spreading knowledge in the areas of functional rehabilitation and employment, for the benefit of people with limited vision or blindness and the people in their lives. In this way we promote the values of empathy and equality in society, call for providing employment opportunities, and pave the way for employing people with disabilities.

Seniors at Work – A program of the Ministry of Social Equality that works with the aim of bringing change towards the social perception of senior citizens within the employment market. With the help of the program, we are creating equal opportunities for senior citizens to integrate into the labor market.

Equal Employment – Conducting regular meetings with the "Equal Employment" program of the Israeli Ministry of Economy, to promote recruitment of workers with disabilities. Within the framework of the partnership, guidance and training are conducted in the areas of recruiting people with disabilities, and simulating job interviews for people with disabilities; these have a double benefit – both for the interviewees, who can gain experience and confidence in job interviews, and for the interviewers who get to practice conducting job interviews for people with disabilities.

Additional activities we conduct:

- Integrating academic employees from the Ethiopian community in partnership with the “Olim B’Yachad” organization
- Integrating employees who are at-risk youth in partnership with the **Dualis Fund**

Recruiting, retaining and promoting employees

In the context of the actions we have taken to strengthen our human resource and our organizational culture, we have worked to improve efficiency and make innovative adjustments in the processes of absorption. Today, we offer the option of conducting trustworthiness interviews and tests online.

In 2021 and 2022, there was an upturn in employee satisfaction during the process of absorption – and we now stand at a high satisfaction level of 6.71 (out of 7).

In order to work to preserve our human capital, we perform a number of activities, the most important of which include increasing the number of employees recruited through “A Friend Brings a Friend.” In addition, we are working to investigate cases of low-seniority employees leaving the company, and to draw conclusions from this.

The company likewise enables and implements employee transfers between positions, as an additional way of retaining them. The company sees this option as an opportunity and a significant advantage: on the one hand, it gives the employee an advantage by enriching and professionalizing them in additional fields; on the other, it gives the company an advantage in that the jobs are filled by employees who know the organization and are expert in its operations, and can therefore contribute to their new position from day one.

About 311 employees in 2021, and about 363 in 2022, transferred or were promoted to other positions.

These significant measures for giving the employee a sense of connection to the company, along with our continued investment in the employee as an individual, their welfare, and their personal and professional development, are reflected in the data on the retention of employees which remain stable over the years.

Seniority and employee turnover

Employee turnover rank:

	2020	2021	2022
Managerial rank	21%	21%	21%
Non-managerial rank	79%	79%	79%

In 2022, there was an increase in average seniority in the organization (8.2 years as compared with 8.0 in 2021)

We attach great importance to looking after our employees toward and after retirement; and we therefore give them preparatory courses toward their retirement; link them to social organizations for the purpose of volunteering; encourage them to participate in events and activities. 100% of our retirees continue to be eligible for the organization's welfare benefits after their retirement.

At the same time, we allow continued employment after the age of retirement in order to help employees approaching retirement prepare for this chapter in their lives. 100% of our employees are entitled to personal planning for retirement and for building a plan for continued employment. In addition, an option for gradual retirement is offered by extending the duration of work for a defined period after retirement age, and the possibility of continuing to work after retirement age in a different employment pattern such as: part-time jobs, freelancers, consultants, and split shifts.

In order to promote continued employment and encourage continued work in the company, we have promoted a plan in collaboration with Tmurah (a subsidiary of Clal) to carry out wage simulations for women, in order to examine their viability for continued employment as compared with retirement on a pension. In addition, women are offered as needed the opportunity to work part-time. This benefit enables optimal adaptation of the employment framework to the needs of women in the labor market.

The welfare of our employees

We invest many resources in personal welfare programs, and in a set of services for the benefit of employees, out of a commitment and concern for – first and foremost – their economic and personal well-being. The companies in the Group are in the habit of providing, from time to time, arrangements for their employees to purchase insurance products and services including, among other things, general insurance, financial products and health and life insurance.

The company has group insurance policies for employees who have chosen to participate in this insurance for payment.

The company permits employees to receive loans according to defined internal procedures and in accordance with the provisions of the law, while considering (among other things) the seniority of the employee and their salary level.

As a part of our efforts to maintain the positioning of our company as a promoter of organizational welfare as a tool for strengthening our connectedness as an organization, the feeling of pride and belonging,

The company is giving its employees the following benefits⁷:

- Subsidies for employee kindergartens;
- Financing/subsidies for health insurance;
- Offering loans on comfortable terms;
- Increased minimum wage;

⁷ The benefits are granted to employees according to predefined criteria

- Support for the life events of employees;
- An assistance fund for crisis situations (family, medical, etc.)
- Making social and psychological services accessible;
- Counseling for individual and family financial planning;
- Giving holiday vouchers;
- Providing a continued training fund;
- Allocating shares/options;
- Subsidizing vacations;
- Giving bonuses and grants;
- An employment plan for the children of employees during the summer months;
- Subsidizing a course in proper parenting – a session with the Adler Center;
- Support activities for employees who are the parents of children with special needs (such as accessibility of information, help in taking advantage of rights, flexible working hours, extending sick days etc.)
- Increasing the awareness of all employees on the issue of pension savings and advice for pension planning
- Financial support during the surrogacy process

Balancing work with recreation and family

We strive to create for our employees the appropriate balance between the company's needs and the needs of their families. As part of our implementation of the Group's policy on this issue, the company has promoted in recent years the following steps and guidelines:

- Defining the job of a parent
- Offering the option of flexible working hours, and partial approval of work arrangements from home
- Evaluation and planned support to take advantage of leave
- Offering the option of a gradual return from parental leave, for employees who are interested in this
- Offering to employees the option of going on a paid/unpaid leave during school breaks during university exams

The work-from-home model

The company enables its employees to work remotely and part-time, depending upon their positions and the needs of the company. Working from home allows, among other things, to meet the demands of the workforce and to present employment in the Group an appealing way for recruiting new workers; promoting the values of integrating family life and work; increasing the satisfaction of the employee; and even making a possible contribution to the retention of employees.

Working from home saves employees the time wasted in traffic jams and reduces automobile use; it consequently reduces air pollution from transportation and lowers energy consumption.

The work-from-home model carries with it targets and appropriate controls that promise exceptional productivity and the maintenance of information security. The company believes that part-time work from home is optimal, while at the same time it also places great importance on working in

the office for the sake of teamwork, cross-fertilization, effective management and strengthening commitment to the organization.

Dialogue with our employees

Development and training for employees

The Group's vision is to develop the company's employees and managers and to provide them with the necessary tools, including advanced training tools, so that they may move forward, lead, and arrive at the results expected in accordance with the strategy and focus points of businesses.

As part of a comprehensive strategy for developing human capital as a prime asset within the Group, the company invested, during 2020-2021, many resources in professional learning and training activities; in enforcement and compliance, and in developing managerial expertise in organization. The group has also focused during these years on improving the quality of service, and expertise in service, for the company's customers and agents; on improving professionalism and insurance knowledge in all fields of insurance, and on institutionalizing and integrating implementation processes for information systems, which support the business at its core and the improvement of mid-level management skills.

The following are primary examples:

- Professional courses
- Guidance in regulation in the insurance world
- Technology training: Excel, SQL, BO and more...
- Acquisition of soft skills in monthly workshops in a variety of topics including developing presentations, storytelling, conducting negotiations and more
- Training on organizational satisfaction, resilience and positive psychology
- Professional training and supplementary education outside of the company
- Opening the corporate-wide “Ofek” program for sustaining human capital and empowering employees
- Developing advanced courseware

Guidance and training of employees and managers

The company has formulated and implemented a comprehensive program for guiding and training its employees for the sake of retaining, advancing, and developing them. This program undergoes adjustments and updates in accordance with the needs of employees, and given changes in their work patterns. Among the unique programs developed by the company, we may list the following content: personal conduct on the level of time; personal resilience; presentation workshops; communication styles; influence and assertiveness; technology training; the conduct of negotiations; orientation toward insurance; training on the subject of project management and risk management; a course for customer relations managers; sales workshops; guidance on the subjects of service writing and digital writing; a data and mediation course for senior ranks; entry courses for positions (providing management tools for managers new to the role, and team managers); and more.

The following are the main programs:

“**The Academy for Management**” - a program for developing managers and improving the management skills of each level on its own (it addresses three levels of management: team

managers, department managers, and a senior forum – domain managers and above). The program is primarily intended for managers with over two years of managerial seniority, to enable them to improve their managerial skills as well as strengthening their organizational connection and creating organizational “networking”. The program includes choosing – in accordance with the employee’s particular rank in management – one of 11 tracks which deal with core issues/values/strategic focal points. Each course includes three workshops held once a month, using the “peer learning” method.

Institutionalization and application of implementation processes for the information systems, which support the core business and the improvement of the management expertise of the middle ranks.

In 2021, 221 managers participated in the Academy (58 team managers, 51 department managers, and 112 senior managers).

In 2022, 216 managers participated in the Academy (64 team managers, 45 department managers, and 107 senior managers). Average satisfaction with the Academy for Management has a very high score of 6.7 (out of 7).

“Ofek” program – A program for providing tools and empowerment to outstanding employees in a variety of subjects that are not necessarily managerial. The program works to retain employees, empower them and cultivate them so that they will also be able to serve in the future as a managerial reserve.

In 2021 and 2022, 103 employees participated in the program (39 employees in 2021, and 64 employees in 2022).

Organizational development workshops – a program for providing tools for developing and strengthening soft skills in a variety of subjects such as: personal resilience; personal conduct on the level of time; styles of communication; presentation workshops; the sciences of happiness; body language; influence and assertiveness. The program works to develop employees and managers, to strengthen work interfaces and connectedness.

In 2021 and 2022, 2176 employees (1088 employees each year) participated in workshops/lectures.

Implementing the well-being program -

A program for strengthening the connectedness and well-being of employees by strengthening the midlevel ranks as motivators of the process.

The program was established in 2022, and 81 managers took part.

The company is continually examining the contributions made to the company by the development and training programs of its employees, and conducts a satisfaction survey at the end of each training as well as tests of the knowledge gained in the relevant trainings.

As a target for 2023, the company set itself the goal of working to train employees and managers on issues of well-being; improving the employee experience; implementing the principles of positive psychology, and encouraging a corporate culture of encouragement, publicizing and recognizing effort and successes.

Organizational connectedness and intra-organizational communication

Trust and fairness are the basis of our organizational culture, and of the way in which the Group works and is run. The company's employees reflect outward the organizational culture to which they are exposed on the level of service, in their approach and in their work relationships in the company's various interfaces. The employee's attitudes about the Group, and their level of confidence in it, exert a significant influence over the level of the employee's connectedness and commitment to the company.

The basis of this trust is built upon empathy – the ability of the company to identify and to see the employee from their own point of view. As part of this conception, the company is working to create an empathetic, considerate and attentive employee experience as a foundation for the customer's experience.

In the context of the actions we have taken in order to strengthen our human resource and organizational culture, communications with employees have been improved and an organizational language has been forged under the message– **“Be Happy That You’re at Clal”**.

Clal Insurance Business Holdings has participated in BDI's "Best Companies to Work For" ranking. In this ranking, the company managed to rise to 20th place in 2023, compared to its rank at 29th place in the previous year. This success reflects our commitment and our efforts to foster a supportive and favorable work environment for our employees.

Dialogue with our employees

As part of our dialog with our employees, it is our practice to conduct an employee satisfaction survey every year; the survey examines different aspects of how employees perceive the company. In order to get a deeper understanding of the implications of the results, we separate out the results by gender, age and seniority. About 50% of the company's employees participate in the surveys each year.

Alongside these surveys, we are spearheading “round-table” and open-conversation meetings with our employees that include various areas of the company.

Intra-organizational portal

In 2021, we relaunched our new clal4U intra-organizational portal. As a company that is leading the industry in service and innovation, it was important for us to build for our employees an advanced intra-organizational portal that embodies these values and brings them to expression, as well as being useful and of added value. The new portal offers a superior user experience; it is friendly and functional, and it allows the employees who use it access to the variety of tools and information that they need every day.

Seeing to workplace safety and employee health

The company promotes good health among its employees and agents, and partially funds group health insurance for its employees. In 2021, the company produced, in collaboration with Prof. Gabi Barbash, a conference about health under the title of "Thinking Health" in response to the spread of COVID-19. The conference was held in Netanya and was attended by about 300 agents. The

conference raised and deepened awareness about COVID-19, and the challenges that have developed in this area in both general and specific terms. It also emphasized the need to adapt the company's products to customers in changing and complex circumstances. In the context of dealing with COVID-19, the Group assisted in the process of COVID vaccination by having the MDA staff set up vaccination stations at our workplaces, while distributing information on the subject and offering expert lectures.

In addition, the company encourages and reinforces the promotion of good health among its employees by producing recreational activities such as: a call to participate in various sports groups such as flag football, netball, basketball and tennis, as well as calling for participation in weight-loss workshops.

During its Breast Cancer Awareness Month in 2022, Clal initiated a special testing day for the company's female employees, directed by an expert in breast surgery in cooperation with Raphael Hospital.

Along with all of this, the company is working to implement guidance about workplace health by producing videos which are accessible to all of our employees on a variety of subjects, such as: proper sitting; the importance of supporting the forearms; setting up the workplace; stretching exercises; working with two masks, and more.

Managing how employees get to work

Out of an acknowledgment that we as employers have a significant impact on the culture of getting to work and on adopting new transportation practices, we have appointed a manager for advanced transportation solutions. Their responsibilities include, among other things, the means by which employees travel to work and back to their homes; forms of transportation such as rides, public transport, and taxis; and a variety of alternative solutions not including the company's fleet of vehicles. In addition, the company has set aside a budget of NIS 3.5 million for providing employees with alternative transportation solutions (a budget of about NIS 75 per employee per month).

As part of the effort to move the issue forward, we have carried out a process of mapping needs, and have quantified the transportation needs of our employees. This mapping considers among other things, the employee's place of residence; the specifics of how they get to work; and the number of days and hours they work each week.

100% of the employees of Clal are eligible for shuttle travel from central locations to and from work. In order to make the system orderly, Clal Insurance operates an application dedicated to managing employee transportation.

Clal also encourages its employees to use non-motorized transportation such as bicycles, walking and scooters, while also working to arrange parking facilities and showers for the benefit of those employees who choose this option.

<u>Way of Getting to Work</u>	<u>Breakdown in Percent</u>
Percentage of employees who use private cars	35%
Percentage of employees who use company cars	15%
Percentage of employees who use public transportation	35%
Percentage of employees who use shared rides (carpool/hitchhiking)	12%
Percentage of employees who use scooters/bikes	3%

Environmental responsibility

Clal Insurance and Finance for the environment

Clal is working to address climate issues, and to reduce its effects on the environment. Its operations are primarily office-based and the aspects of management that are relevant to it touch upon energy efficiency, fossil fuel consumption, and waste management.

The company has an environmental policy; it is acting in accordance with its guidelines, and implementing environmental considerations in its decision-making processes. The company likewise has an ESG policy in regard to its investments, which is discussed at length in the chapter “Responsible Investments”.

In order to instill the organization’s belief in sustainability, both inside and out, we have taken the following steps:

Publicizing the company's environmental policy

In 2019, the environmental approach of Clal Insurance and Finance was formulated as a public environmental policy which has been posted on the company's website. This policy spells out the main elements of our environmental approach and describes the principles implicit in the company's areas of activity, including:

- **Identifying** the aspects of the environment that are material to the company's activities, and to its stakeholders.
- **Managing** and implementing environmental considerations in our decision-making processes and work plans, which have come to fruition in (among other things) the writing of the company's responsible-investment strategy.
- **Mobilizing our business partners** to adopt the company's environmental policy.
- **Evaluating and controlling** our environmental operations out of a commitment to reliable, precise and transparent reporting to the relevant parties (as the need arises, and in accordance with commercial considerations).
- Fulfilling **the requirements of the law** and the provisions in matters of environmental quality.
- Strengthening **awareness** among the company's employees and managers through constant guidance, communication and explanation in order to promote behavioral changes and the cultivation of personal responsibility.

Reporting to the voluntary apparatus of the Ministry of Environmental Protection

Beginning in 2019, Clal has reported every year to the voluntary reporting system for greenhouse gases of the Ministry of Environmental Protection. The voluntary apparatus is one of the main tools implemented by the company for evaluating and monitoring its environmental operations.

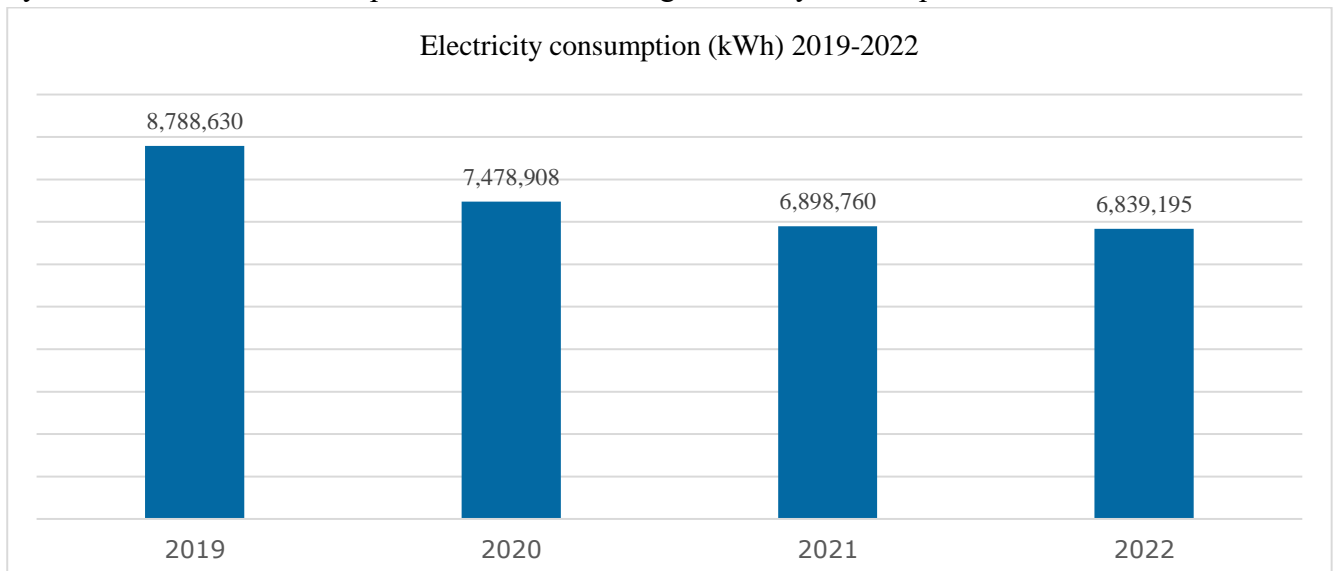
Resource Management

Most of the company's energy consumption stems from electricity use in the company's offices, and the use of petroleum for the company's vehicles. In order to promote steps toward reduced and more efficient use of energy, the following procedures have been adopted:

- Switching to hybrid vehicles
- Encouraging company employees to make use of shuttles to go to work and return home
- Setting up charging stations for electric bicycles, in cooperation with the management of Atidim Park
- Turning off power to computer systems, air-conditioning systems and lighting in offices
- Integrating offsite work days

Electricity consumption

Between the years 2019-2022, the company reduced by about 22% total electricity consumption in the company's offices, and by about 20% the average employee's electricity consumption. This reduction stems from a change in work patterns during the COVID-19 period, the transition to hybrid work, and additional procedures for reducing electricity consumption.



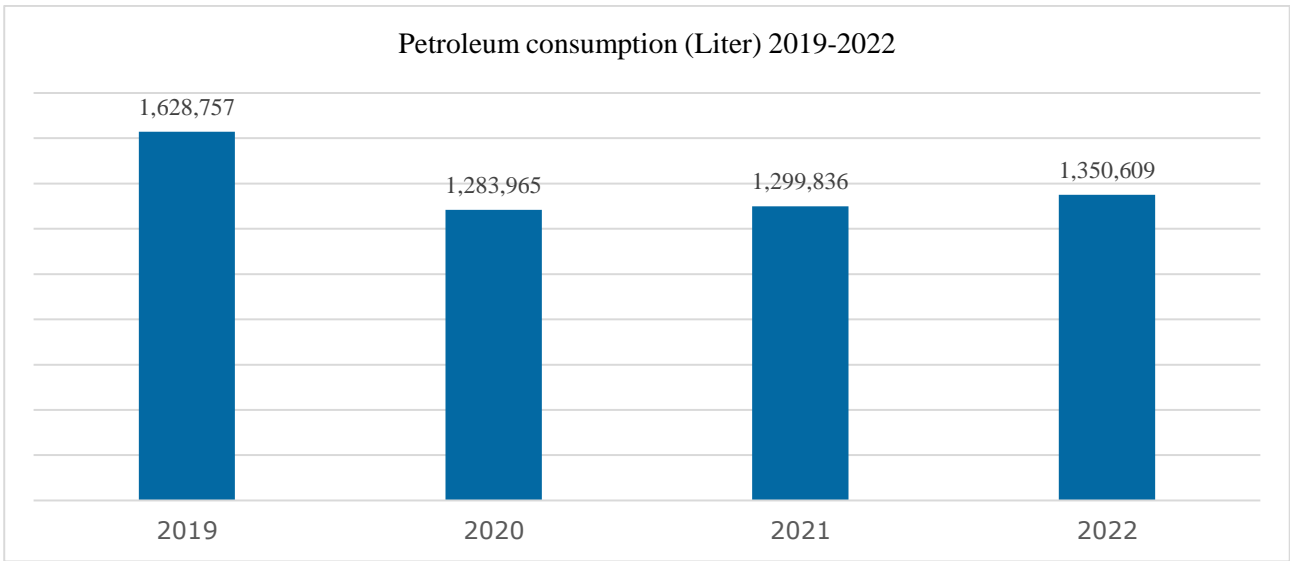
Petroleum consumption

In 2018, the company undertook a process of replacing the company's vehicles with hybrid cars that are friendlier for the environment, in order to reduce the use of petroleum.

After five years, **69% of the company's fleet of vehicles is now composed of hybrid vehicles**, a fact that coincides with the goal we set for ourselves to increase the fleet to 65%. The company is striving to continue in this vein, and to increase the percentage of hybrid and electric vehicles.

As a consequence of the switch to hybrid vehicles, the switch to days working from home, and the work configuration of the COVID-19 period, there was a significant decrease in 2020-2022 in the fuel consumption of the company's fleet of vehicles in comparison with 2019. Total fuel consumption in 2022 was about 17% lower than it was in 2019.

In 2024, the company will work toward a gradual transition to electric vehicles.



Greenhouse-gas emissions

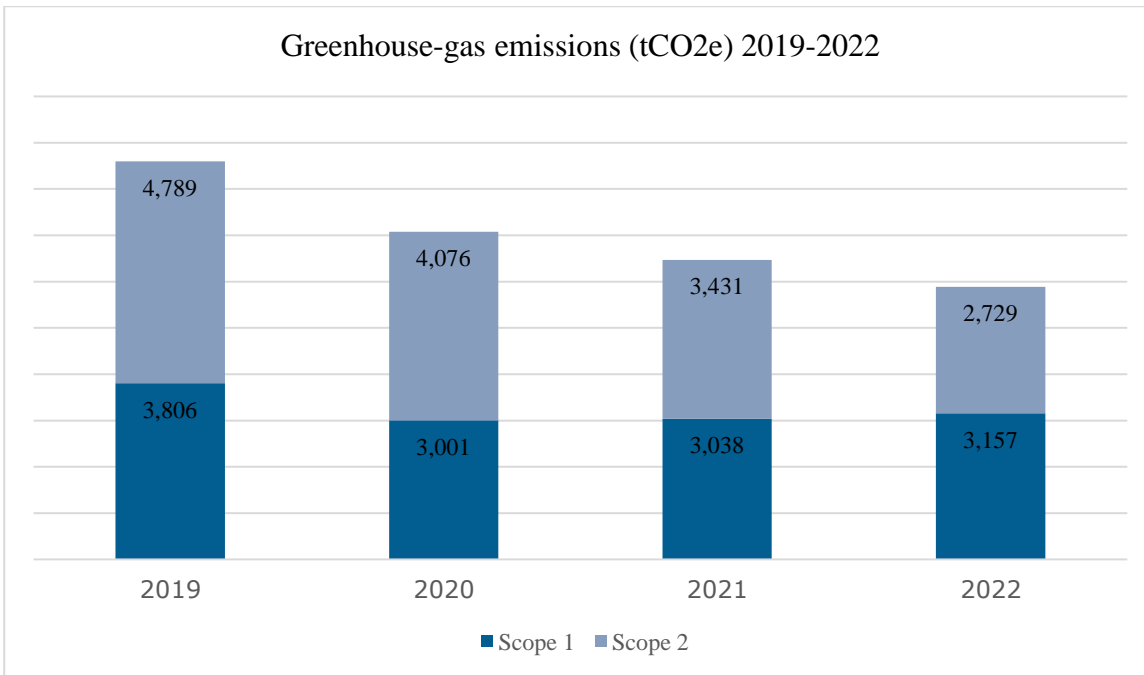
In order to help map out the sources of greenhouse-gas emissions, whether direct or indirect, we use a conventional and international methodology – the GHG protocol – to calculate our emission sources, and to divide them into three scopes for the purpose of reporting:

Scope 1 – direct emissions from petroleum use in the Group

Scope 2 – indirect emissions from energy use

As a result of the company’s transition to reduce energy consumption and improve its energy efficiency, and along with the transition to a partially home-based work configuration during COVID-19, Clal Insurance and Finance reduced its greenhouse gas emissions by about 32% in four years.

While in 2019, the company's greenhouse-gas emissions stood at about 8,600 tons of CO₂e, in 2022 emissions fell to about 5,800 tons of CO₂e. Furthermore, this trend is also reflected in the carbon footprint of the company’s employees, which decreased by about 30% between 2019 (about 2.18 tons CO₂-eq) and 2022 (1.53 tons CO₂-eq).



Managing and recycling waste

Paper consumption and recycling

Clal Insurance and Finance primarily markets its products with the help of insurance agents, and provides its services to both the company’s insurance agents and directly to its customers. Supported by the advancement and development of technological measures in the field of insurance, the company has brought about an upgrade of its information systems and digital insurance tools. In this way, significant and sweeping measures have been implemented to reduce the company’s paper consumption. Among other things, in recent years the company has launched a large number of online services that enable the company’s agents to produce policies online, as well as other digital services that allow the company’s customers to file claims directly on the site and upload the documents directly to the company’s digital system.

As a result of the steps taken to limit paper consumption at the company's sites, this consumption declined by about 70% between 2019 and 2022; and the amount of paper sent for recycling declined by about 63% between 2019 and 2022.

By 2022, the total amount spent on mailing decreased by 32% from 2019.

Treating electronic waste

The company's electronic waste is transferred, in accordance with the law, to an external facilitator company that divides it into three main types:

- Recycling
- Reuse
- Generating energy from waste

In 2021-2022, about 4.2 tons of waste and electronic equipment were transferred, while about 3.8 tons – which constitute about 90% of the total waste and equipment – were transferred for recycling or reuse.

Responsibility in the value chain

The company's commitment to a responsible value chain

We act according to procedures and policies of purchasing which guide the company's procurement process. We also work to implement these procedures among our managers and employees, and to offer instruction in them.

Our purchasing procedures defined for our suppliers preconditions that include, among other things, the absence of criminal prosecutions; preventing conflicts of interest; being conscientious about safety, etc.

In addition, we pay attention to social aspects such as businesses under ownership, or businesses that give preference to underrepresented populations. In addition to ensuring a place for these preconditions, we document and record the checking processes employed in advance of interactions, and include additional checks based upon the total number of interactions, their length, and the scope of their importance.

85% of the company's procurement purchases are “blue and white” (i.e. local Israeli), and consist primarily of paper, mail, and computing suppliers.

The company examines and verifies the compliance of its suppliers with the regulations and employment laws in Israel, through (among other ways) random checks and sampling in accordance with the regulations. At the same time, we are working to prevent the risks that may arise from third-party interactions, and are therefore taking proactive and active measures to prevent wrongful procedures and corruption in agreements. By the same token, all of our suppliers must undergo a check for information security and cyber security before we engage with them.

Developing the capabilities of suppliers

Clal guides its suppliers to train their employees in the courses that it constructs, and ensures that the suppliers allow their employees to participate. The suppliers are not asked to pay to participate in these courses.

Clal provides and gives its suppliers the opportunity to train their employees. Among these trainings, we might mention courses that are defined as enrichment courses, and lectures for improving skills and managerial tools.

Social responsibility – Clal for the community

The strategy of social engagement

Clal Insurance and Finance champions its social and communal investment and involvement, out of its vision to create a better future for Israeli society and the generations to come.

The company's policy of contribution is focused on organizations and nonprofits that are working for populations with special needs, including sick populations, people with disabilities, disadvantaged populations, and cultivating children and young people including in aspects of encouraging education.

The Group's contributions to NGOs and organizations in the local community

As part of our activities for the community, in 2021 the company donated about NIS 4 million, and about NIS 535,000 in equivalent. This year, we increased our contribution to equate to more than 10% as compared with the previous year.

In 2022, the company donated about NIS 4 million, and about NIS 500,000 in equivalents. This year, the percentage of our monetary donation that was directed toward the areas associated with the company's core business stood at about 60%.

The contribution breakdown of Clal Insurance (2022) and Finance:

Children and at-risk youth	22%
Social services and welfare	20%
Physical education	16%
Health	18%
IDF and the defense system	9%
Accessibility	6%
Women (Assistance, empowering women etc.)	2%
Financial education	2%
General education	2%
Developing initiatives	1%
Preserving, developing and empowering a national heritage	1%
Other	1%

The community involvement of Clal's employees

Volunteering is a significant element in the company's policy of social engagement. Volunteering, and employee involvement in the community and participation in joint activities, contribute to employee sense of meaningfulness, satisfaction, belonging and pride; they provide added value through their unique abilities and knowledge.

We encourage projects that benefit the community by creating partnerships with nonprofits and organizations. The connection between the needs of the community, our employees, and the company constitute a winning formula that drives an inspiring social impact.

The company invests a great deal in managing volunteering programs and investment in the community; it is therefore working to schedule a budget dedicated to this purpose each year, and to quantify the impact of volunteering.

In addition, the company permits its employees to donate their vacation days to other employees who might need them. It has likewise been proposed to our employees that they support, by means of the salary system, the “Round Up” organization.

Employees and their families who wish to volunteer outside of work hours have, at their disposal, a volunteer platform as part of a collaboration with **Helpi**, which offers a variety of volunteer options without the need for a long-term commitment.

In 2021 and 2022, the total number of volunteering hours was 7,353. In 2022 there was an increase of 9.13% in the percentage of volunteering, such that in 2021 the percentage of volunteering stood at 19%, and in 2022 it rose to 28.13%.

Main projects

“Communicating from the Heart”, a joint project of Clal Insurance and Finance with the **Autism Friendly** club which works to advance children on the autism spectrum, and to provide them with options and equal opportunities. Clal Insurance and Finance prioritizes the issue of social responsibility and instilling the values of responsibility, giving, diversity and inclusion among the company’s employees as well. Our flagship project, Autism Friendly, in collaboration with the “Being There” organization and the HackAutism initiative for integrating and helping people on the autism spectrum, has included among other initiatives:

- ✓ A variety of lectures
- ✓ Mapping positions in the company, and jumpstarting the recruitment of employees on the autism spectrum by adapting the organizational environment to those employees.
- ✓ Adopting a football team that integrates kids on the autism spectrum with the Clal football team, for a regular weekly activity across the country that includes a football tournament.
- ✓ Creating a community of parents; offering support to employees who have family members with autism, and practical and psychological tools, leadership and flourishing with autism in the family.
- ✓ Participating as mentors and judges in the international “hackathons” sponsored by HackAutism on issues of initiative, innovation, and technology.

Collaboration with the **Latet** organization – In 2023, as every year two peak days were set up for packaging food baskets for underprivileged families. Within this framework, **420** employees volunteered who packaged about **5350** food baskets and donated **650** hours of volunteering.

The **Pitchon Lev** organization works to break the intergenerational cycle of poverty in Israel, and every year helps around half a million people in Israel. The company has contributed to “Plan 7” of Pitchon Lev, which is intended for teenagers from the geographic periphery and accompanies them

for seven years from high school and until they are integrated into higher education and post-army work.

Within the framework of the program, Clal accompanies about 180 kids over seven years: three years in high school, three years in the army, and another year as they enter into citizenship.

In addition, in 2018, 2021, 2022, and 2023 we held fundraising broadcasts together with **Pitchon Lev** in advance of Passover. As part of the broadcasts, dozens of company employees were recruited to answer fundraising calls. The organization volunteered 400 employees who dedicated 2,500 hours of volunteer work. Hundreds of the company's employees volunteered for the broadcast and the preparations that preceded it; they answered 1,476 calls, and by the end of the broadcast 55,612 holiday meals had been donated, which are the equivalent of NIS 6,673.44.

“The ‘Project 7’ program is a natural fit for our activities on behalf of children and teenagers – the program is intended for young people from the geographic and social periphery, who have the will and the talent but need support to realize them. The program operates within the formal framework of school hours, and with the approval of the Ministry of Education. The program is an empowerment program that gives young people the tools they need to develop as graduates who are productive to themselves and to society, through developing the natural resources that lie within them. This is the fifth year that we have joined forces with the Pitchon Lev organization, and are contributing to this important project.”

Liat Straus, deputy CEO, director of the Division of Services, Human resources, and Operations

Volunteering by the employees of the Human Resources Department at the **“Designer Bazaar”** fundraising event of the Center to Aid Female and Male Victims of Sexual Assault. In addition to the volunteering itself, the human resources manager invited all of the company's employees to come and buy at the bazaar.

“At Human Resources in Clal Insurance and Finance, we have set as our goal activities and involvement in the community, on a variety of issues that come from our employees. As a leading insurance company, we have the power to bring about real change. One of the issues that we have chosen to promote – as women, as mothers, as friends and as daughters – is the prevention of abuse, activity against all forms of violence and against women in particular. We therefore call upon each and every one of you to fulfill our role as a community, and to pay attention to those details which may seem small, but which can change the lives of others.”

Giving official sponsorship to the Paralympic athlete Assaf Yisor, and to the athletes of the Paralympic gold team, in their preparations for the Tokyo 2021 Olympics.

In September 2021, a national campaign took to the airwaves under the slogan: **“Sports are sports, we don't make exceptions.”**

The campaign showed photographs of the members of the Paralympic team at the Tokyo 2021 Olympics, accompanied by empowering messages which were able to strengthen the delegation itself as well as to encourage the community to watch the Paralympic Games.

Moran Samuel, Paralympic athlete:

“It’s clear that the qualities that characterize us – sticking to a goal, persistence, determination, meeting challenges and striving for excellence – also reside with you, with Clal Insurance. Your decision to choose us strengthens us not only financially, but also morally. Your connection to us is also a social and moral statement which sends a message that is very important to us.”

CEO of Clal Insurance and Finance, Yoram Naveh:

“Clal Insurance and Finance is deeply rooted in Israeli society and in the act of contributing to the community, and as such it saw a natural connection in collaborating with the Paralympic Committee which represents the best athletes of the State of Israel. It is a great privilege and source of pride for us to promote and empower the leading gold team athletes of the Paralympic team on their journey to the Olympic medal. We are happy for and welcome the opportunity we have been given to join in this important project, and we see the cooperation between us as a long-term commitment.”

Collaboration with **Special in Uniform**

Clal is taking part in adopting a unit of 11 soldiers with special needs which is called the “**Clal Unit**” – the company's employees and managers take part in activities and events with the unit.

Clal Insurance believes in integrating young people with special needs, and appreciates the significant value that army service has for them.

Rabbi Mendi Belinitzki, CEO of the “Lifeline to the Special Child” organization which operates “Special in Uniform”:

“I thank Clal Insurance and Finance for their aid and commitment to the “Special in Uniform” program, and for accompanying our dear soldiers in our moving beret campaign. The cooperation of leading companies in the market in adopting the various units in the IDF bases, and accompanying the program’s soldiers in the process, is a sign of respect for Israeli society.”

The Clal Insurance and Finance futsal team played a friendly match against the **Carmiel Urban Eagles**, a team that includes about 20 players who are on the autism spectrum. The Clal Insurance and Finance futsal team, which plays in the workplace league, was hosted in a friendly match with the Carmiel Municipal Eagles, a team that includes about 20 boys and adults on the autism spectrum and which is, for them, a unique sporting, social and emotional framework.

Clal contributes to the **Jordan River Village**. This is a unique holiday village for children dealing with chronic, genetic or life-threatening illnesses, and for children with special needs. The resort offers experiences that are unforgettable, full of fun and interests, and medically equipped, and are not expensed to the child and their family. The contribution of Clal Insurance and Finance enables the organization to increase the number of children staying in the village each year.

The **Challenge** Association was founded in 1995 by disabled IDF soldiers and rehabilitation workers, with the aim of empowering and socially integrating people with disabilities through challenging sports in nature. The effectiveness of Challenge's activities has been studied and proven as a tool for personal empowerment, strengthening confidence and self-image, and broadening capabilities in all areas of life. The Challenge Association's activities are open to the general population of people with physical, cognitive, communicative, psychological and sensory disabilities, and for all ages. In 2022, Clal gave significant sponsorship to the Afik Israel race in collaboration with the Etgarim non-profit, in which both young people and adults with disabilities participated.

Accessibility Israel was established in 1999 to promote accessibility and enable people with disabilities and their families to integrate into society with equality, rights, dignity and maximum independence. Clal Insurance and Finance is involved in a unique educational project run by the organization in Israeli schools for the integration of disabled children into the society in which they live.

Swords of Iron – October 2023

Clal Insurance and Finance has joined in the national effort with a series of widespread activities – it has set up a support fund in the amount of NIS 10 million to assist those of its policyholders who have sustained war-related insurance damage that has not otherwise been addressed.

The company has increased the budget of its contributions, and donated to important non-profits and organizations that are working on behalf of IDF soldiers, police, the security forces, hospitals and citizens of the State of Israel who have been wounded as a result of the war.

In addition, the company has sourced available apartments in order to house people who were evacuated from areas of the South and North with building and third-party insurance, at no cost. Within this framework, the company has built, and will fund, a special and dedicated building and third-party insurance policy, to improve matters during the period of the rental.

The company's employees are volunteering in a variety of activities for the sake of the evacuated residents, IDF soldiers and farmers, in accordance with the needs of the moment.

Clal's Resilience Center – a social flagship project

We attribute great importance to managing our area of social responsibility for the benefit of the community, out of an ongoing wish to maximize our social impact. We see ourselves as committed to the community, and we have therefore established the Resilience Center which works for the public and is open to the general public, free of charge. The project was established in 2022 in collaboration with leading nonprofits and organizations in Israel, and was launched in early 2023. The Resilience Center reflects our social policy of strengthening resilience in Israeli society, and aligns with our ongoing business activity strategy.

Clal's Resilience Center provides information and assistance in times of distress, in the areas of emotional, financial and health issues, where professional help and guidance are needed. This is a unique platform that was developed in the Clal button app, which provides broad information and public assistance agencies, in situations of emergency and distress, with the push of a button. The project was conducted in collaboration with leading nonprofits and organizations in Israel.

Clal's new Resilience Center was established with the goal of providing information, orientation, and assistance in circumstances of hardship, in three main areas:

- Emotional resilience – responding to stressful and anxiety-provoking situations, family hardships, depression, sexual abuses and more.
- Financial resilience – planning, advice and assistance in the financial realm following sudden economic changes; tools for dealing with the situation; financial solutions, budget management; and more.
- Physical resilience – advice, assistance and guidance on the subject of caregiving and serious illnesses. Methods of contact with professionals when dealing with a caregiving situation, with all of its consequences; medical hardship; clarification of a medical procedure; and more.

Within this framework, we provide avenues of contact with professionals to whom people may turn to in difficult circumstances. The Resilience Center also provides advice and information on a variety of topics, and identifies warning signs and offers questions and answers for families, young adults and kids, adults, and the elderly.

The nonprofits and organizations that are partners of Clal in the Resilience Center: Eran, Elem, Na'amat, Pa'amonim, The Michal Sala Forum, The Israel Cancer Association, Halasartan, Lema'anchem, Natal, Mashabim, Ezer Mizion, Pitchon Lev, Haparpar. And several more organizations have recently been added to the project: Matnat Chaim, Haverim Le'refuah, and Wings of Krembo.

The project was established to strengthen the resilience of all of Israeli society, and to reduce social gaps; through it Clal Insurance and Finance, as a leading company that affects all levels of Israeli society, is returning positive value to its stakeholders.

The project has been marketed and publicized on a variety of the company's media channels – on social networks, with SMS notifications on holidays, both continuously and at special events – at the outbreak of the “Swords of Iron” war and the “Shield and Arrow” operation in 2023. In addition, the Resilience Center has been publicized in a video of “Wings of Krembo”, and in a donation broadcast on the Keshet 12 channel.

Galli Schwed, executive vice president, director of the Department of Marketing and Strategy:

“This is a source of great pride and excitement; Clal’s Resilience Center is open to the general public and is a leading social project of the utmost importance in the everyday reality of our lives, in which we are witnesses to emotional and economic distress, rising violence, struggles with health problems, and more. We have given a lot of thought as to how to create a professional and meaningful platform for various communities among the Israeli public, which is consistent with the company’s ongoing activities and can offer help and support in moments of difficulty. To that end, we have united leading nonprofits and organizations that will provide information and services in the various areas of their activity.”

Clal working for its policyholders across the world

The road accident in Georgia

With the announcement of the serious accident in Batumi in Georgia in September 2022, MedAssis, Clal’s rescue and medical-assistance company, returned the injured to Israel by air ambulance with a medical team and an ICU room, followed by the best care in the country.

Rescuing Israelis in the Himalayas

In the wake of the snowstorm in the Himalayas, and under severe weather conditions, Clal sent its rescue team in October 2022, close to the Sukkot holiday, to Nepal together with Nadav Ben Yehuda, a climber, rescuer, and representative of the government of Nepal for tourism issues.

Despite the severe and dangerous weather, the team was able to rescue all of the dozens of policyholders from the Himalayas in Nepal. The hikers were trapped in a snowstorm in Nepal.

Rescuing an Israeli hiker in Georgia

Clal assisted, in October 2022, in rescuing an Israeli who went down in a helicopter in a mountainous region in north Georgia during a trek with his friends, because of a snowstorm that had struck the area. That same night, it flew him to Israel to receive the best medical treatment.

About the report

This Corporate Responsibility Report, covers the years 2020-2022, and contains the main updates for the operational year 2023 in a variety of areas including economic aspects; the structure of the company and corporate governance; community and social activities, with an emphasis on the “Iron Swords” war from October 2023; and additional issues. This report is the second corporate-responsibility report that Clal Insurance and Finance has published.

In this report, which was written in the spirit of the GRI Universal Standards 2021, we have set out the Group’s activity in a variety of areas of corporate responsibility, with the aim of increasing transparency and making the information accessible to the community of the Group’s stakeholders, and above all its to employees, managers and customers.

The information and the data presented in the report were gathered through interviews with officers in the Group (employees and managers); from an analysis of our financial reports; the Group’s Code of Ethics; and various internal documents.

For any questions or inquiries about the report and its content, please turn to:

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yaelyeh@clal-ins.co.il

Appendices

Data on Variations in Recruitment, 2020-2022:

	2020				2021				2022			
	Arabs	Ultra-Orthodox	People with disabilities	Ethiopian descent	Arabs	Ultra-Orthodox	People with disabilities	Ethiopian descent	Arabs	Ultra-Orthodox	People with disabilities	Ethiopian descent
Percentage of employees from this group out of all the company's employees	2.40%	11.50%	3%	0.50%	3.20%	10%	4%	1.30%	3%	11.35%	4%	1%
Number of employees in the company from this group in the company	89	425	136	21	121	363	139	48	111	437	160	42
Number of employees from this group that has been absorbed	3	20	6		32		3	27	11	50	5	16

The reporting data are only an estimation based upon internal indices. The company does not gather data about its employees that refers to aspects such as gender, origin, or ethnic affiliation, out of concerns for the privacy of the individual. The company is, accordingly, gathering these data for the sake of the report in the following ways:

- According to special occasions in the annual calendar, such as the holidays of various faiths, fasts, participation in company retreats intended for the ultra-Orthodox community, and more.
- Data which were transmitted by the managers of the company's centers/sites of activity.

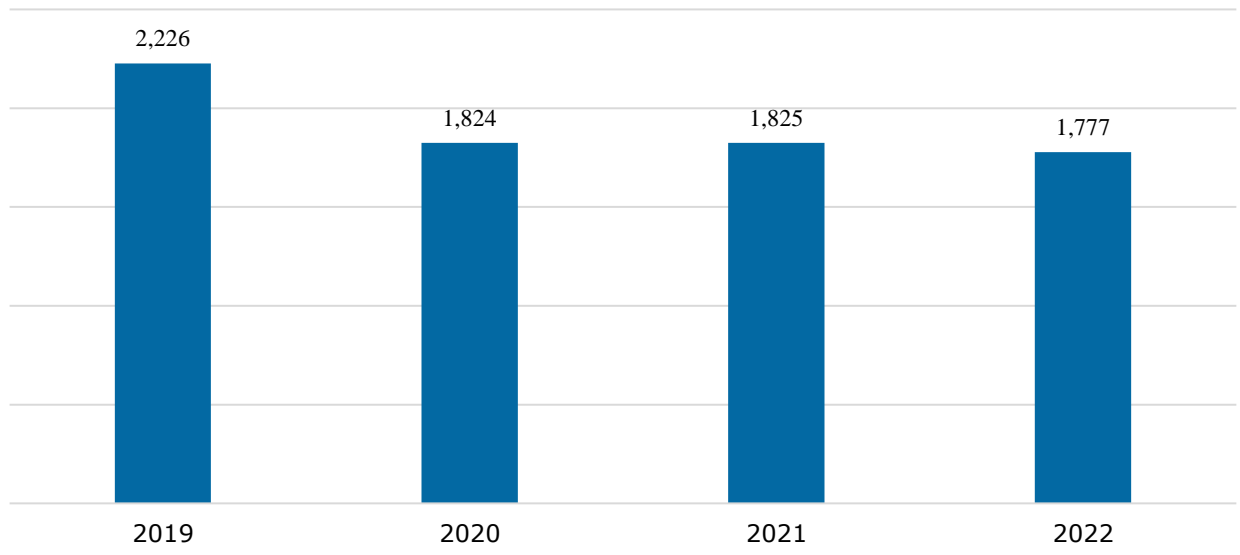
Employment variation in the ranks of management, 2022:

Sector of the Population	Percentage of the Managerial Ranks
Arabs	1% (13 employees)
Ultra-Orthodox	11% (213 employees)
People with Disabilities	3% (62 employees)
Ethiopian descent	0%

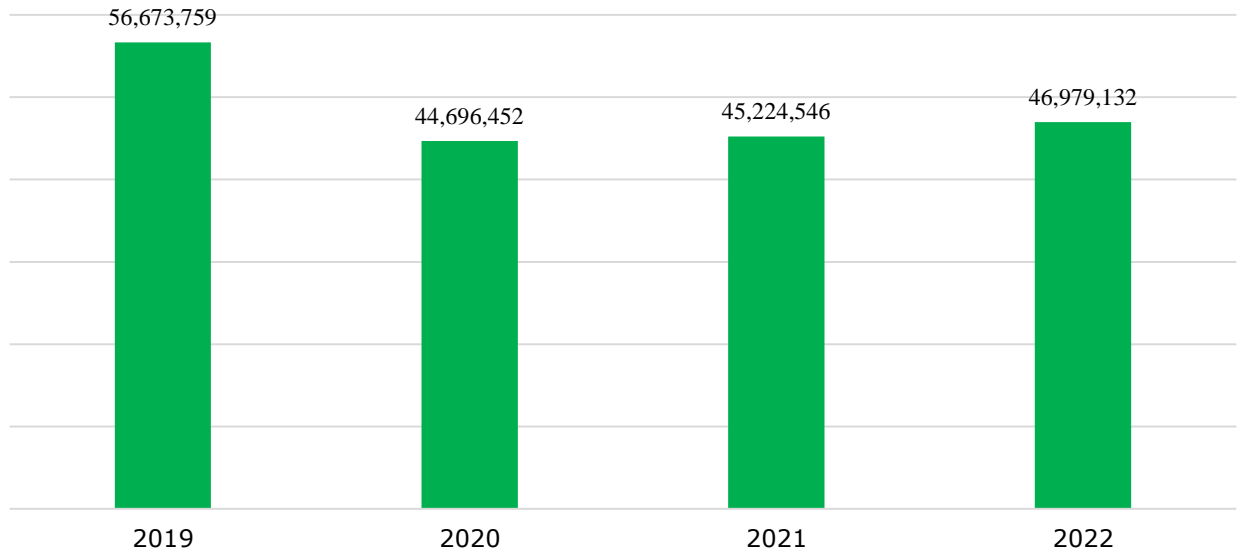
Environmental Data, 2019-2022:

	2019		2020			2021			2022		
	MJ	Comsumption	% of change	MJ	Comsumption	% of change	MJ	Comsumption	% of change	MJ	Comsumption
Total Petrol consumption (Liter)	56,354,992	1,628,757	-21%	44,425,189	1,283,965	1%	44,974,326	1,299,836	4%	46,731,071	1,350,609
Total electricity (kWh)	318,766	8,788,630	-15%	271,262	7,478,908	-8%	250,220	6,898,760	-1%	248,060	6,839,195
Relative electricity consumption - (kWh/no. of employees)	2,226		-18%	1,824		0%	1,825		-3%	1,777	
Total energy consumption (MJ)	56,673,759		-21%	44,696,452		1%	45,224,546		4%	46,979,132	
Energy intensity - (MJ/ no. of employees)	14,351		-24%	10,902		10%	11,964		2%	12,206	

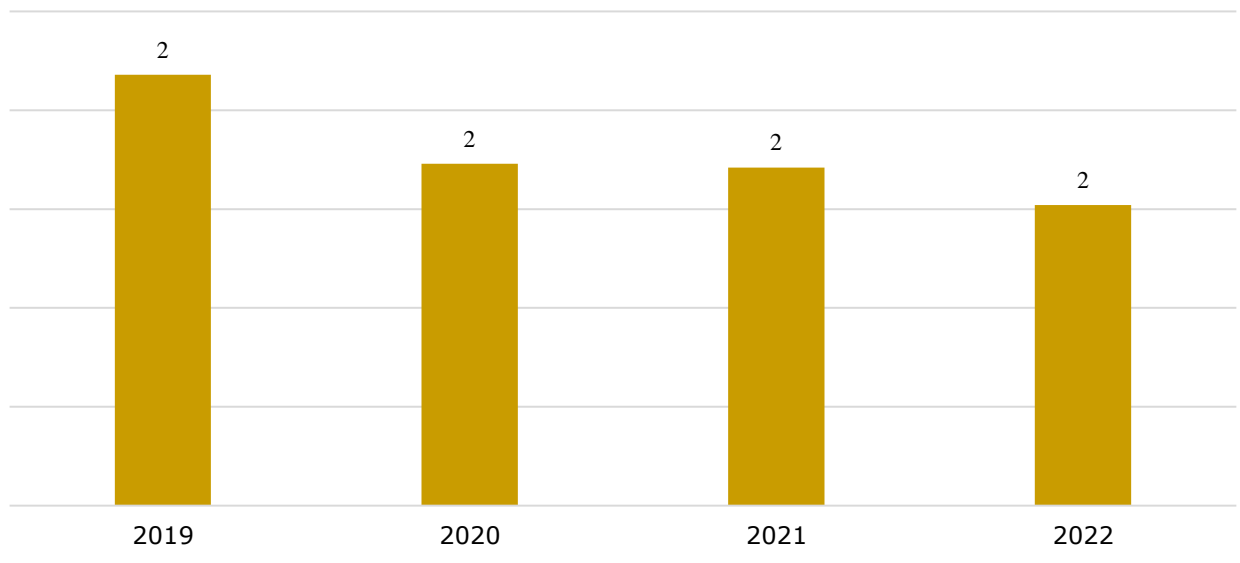
Relative electricity consumption - kWh per employee (2019-2022)





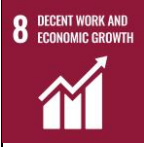

Total energy consumption - MJ (2019-2022)







GHG emission intensity - tCO₂e per employee (2019-2022)



Meeting the UN's sustainable development goals (SDGs)

	SDG	Clal's activity in this matter
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<p>3.4: Reduce mortality from non-communicable diseases and promote mental health</p> <p>3.8: Achieve universal health coverage</p>	<p>The law in Israel allows every resident of the State of Israel to receive state health services through the healthcare basket, by means of one of the health funds. But since the state drug basket does not include many drugs or treatments abroad, many people choose to augment it with private health insurance as well. The health insurance of Clal Insurance and Finance offers a wide variety of tracks and coverage.</p> <p>In addition, Clal is operating the “Resilience Center” which provides information and assistance in moments of emotional, financial and medical distress, in cases where help and professional guidance are needed. This is a special platform that was developed for Clal’s button app, and in cooperation with leading Israeli non-profits and organizations; it makes broad information and sources of assistance accessible to the general public.</p>
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>7.2: Increase global percentage of renewable energy</p>	<p>In the course of 2022, the ESG policy of the Clal Group in the area of responsible investment was submitted for the approval of the management and the Board of Directors.</p> <p>Among the projects in which Clal is investing in the field of energy, are projects for producing energy from natural gas and from renewable sources, such as solar energy, wind energy, hydroelectric energy, and technologies for reclaiming energy from waste.</p>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>8.5: Full employment and decent work with equal pay</p> <p>8.8: Protect labor rights and promote safe working environments</p>	<p>Clal Group insists on equality of opportunity, and on creating a diverse and inclusive work environment. Trust and fairness are the foundation of our organizational culture, and of the way in which the group operates and behaves. The employee’s perception of the group, and the measure of their trust in it, have a significant impact on the employee’s level of connection and commitment to the company.</p> <p>In addition, in accordance with the requirements of the Male and Female Workers (Equal Pay) Law, which took effect on June 1st 2022, Clal Insurance and Finance has conducted within the company an analysis of the salary data for 2021 and 2022, in order to examine the wage gaps between men and women.</p>
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>9.4: Upgrade all industries and infrastructures for sustainability</p>	<p>Clal is working to address climate issues and reduce its environmental impact. Its main activity is office-related, and the areas of management relevant to it touch upon energy efficiency, fuel consumption and waste management. To limit energy consumption and reduce carbon intensity, Clal is carrying out a</p>

		variety of actions including transitioning to hybrid vehicles; shutting down computer systems, air conditioning and lighting in offices; integrating a work day from home; and more.
 <p>10 REDUCED INEQUALITIES</p>	<p>10.2: Promote universal social, economic and political inclusion</p> <p>10.3: Ensure equal opportunities and end discrimination</p>	<p>The Clal Insurance and Finance Group is committed to equality of opportunity, and to fostering a diverse and inclusive work environment. The group employs workers from across the population, without discrimination on the basis of religion, sex and gender, nationality, disability, sexual orientation, or any other characteristic.</p> <p>The group invests a great deal of resources in promoting populations that are underrepresented in their employment. Furthermore, each year we set an annual target for increasing the diversity of our employees within the company.</p>
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>12.2: Sustainable management and use of natural resources</p> <p>12.5: Substantially reduce waste generation</p> <p>12.6: Encourage companies to adopt sustainable practices and sustainability reporting</p> <p>12.8: Promote universal understanding of sustainable lifestyles</p>	<p>Clal is working to address climate issues and reduce its environmental impact. Its main activity is office-related, and the areas of management relevant to it touch upon energy efficiency, fuel consumption and waste management. As of 2019, Clal reports annually to the Environmental Protection Ministry's voluntary greenhouse-gas reporting system. The voluntary mechanism is one of the main tools implemented by the company to measure and monitor its environmental performance. In recent years, the company has launched a large number of online services, and so has been able to reduce its paper consumption. The company's electronic waste is likewise transferred, in accordance with the law, to an external company that treats it in three main waste streams: recycling, reusing, and reclaiming energy from waste.</p> <p>At Clal, efforts are being made to implement a culture of Well being; and guidance is being offered in the field of mental resilience and positive psychology.</p> <p>In the same vein, Clal held a conference on health in 2021 in connection with the spread of COVID-19. In addition, the company encourages the issue of health among its employees by producing leisure and sports activities, and calling for participation in weight-loss workshops; it has initiated a special day for exams during breast cancer awareness month in 2022, and has produced videos for its employees on a variety of subjects that relate to their health.</p>

<p>13 CLIMATE ACTION</p> 	<p>13.1: Strengthen resilience and adaptive capacity to climate related disasters</p> <p>13.2: Integrate climate change measures into policies and planning</p>	<p>The company has an environmental policy; and it is acting in accordance with its guidelines, and implementing environmental considerations in its decision-making processes. The company likewise has a policy that is a complementary pillar to the current analysis, and is not a substitute for the process of evaluating ESG.</p> <p>The company believes in implementing consideration of the risks that currently exist. Our goal is to provide our colleagues with the best possible returns, while also thinking about how our movements will affect the future.</p>
<p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> 	<p>16.5: Substantially reduce corruption and bribery</p> <p>16.6: Develop effective, accountable and transparent institutions</p>	<p>At the end of 2023, the Board of Directors approved a coordinating and dedicated policy on the subject of preventing bribery and corruption. The Company, each of its employees, managers and officers, are obliged at all times to comply with the provisions of the law, and to meet high and stringent standards about not giving or receiving bribes, corruption, and conflict of interest.</p> <p>The company's management and Board of Directors make sure to create appropriate corporate governance infrastructures for all stakeholders and shareholders, and take care to create channels of communication through which the company can bring these infrastructures to the attention of the relevant stakeholders. This is in order to create an open dialog that establishes trust between the parties.</p> <p>In addition, the Group has compliance and internal enforcement policies, as well as enforcement programs in core areas: insurance; securities; competition; labor law; and privacy protection.</p>

GRI 2021 Standard Index

This report has been written in the spirit of the GRI Universal Standards 2021.

GRI Standard Title	GRI Disclosure Number	GRI Disclosure Title	Appears on this report
The organization and its reporting practices	2-1	Organizational details	4, 8-11
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	2-12	Role of the highest governance body in overseeing the management of impacts	12
	2-13	Delegation of responsibility for managing impacts	12
	2-14	Role of the highest governance body in sustainability reporting	30
	2-15	Conflicts of interest	32-33
	2-18	Evaluation of the performance of the highest governance body	30
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	2-27	Compliance with laws and regulations	31
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GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	10-11
	201-2	Financial implications and other risks and opportunities due to climate change	20-21, 35
	201-3	Defined benefit plan obligations and other retirement plans	54-55
	201-4	Financial assistance received from government	irrelevant
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	n/a
	202-2	Proportion of senior management hired from the local community	all senior managers
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	throughout
	203-2	Significant indirect economic impacts	not measured
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	67
GRI 205: Anti-corruption 2016	3-3	Management of material topics	31
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	205-2	Communication and training about anti-corruption policies and procedures	32-33
	205-3	Confirmed incidents of corruption and actions taken	31
GRI 206: Anti-competitive Behavior 2016	3-3	Management of material topics	31
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	32-33
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	207-2	Tax governance, control, and risk management	financial report
	207-3	Stakeholder engagement and management of concerns related to tax	financial report
	207-4	Country-by-country reporting	financial report
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GRI 305: Emissions 2016	3-3	Management of material topics	65
	305-1	Direct (Scope 1) GHG emissions	66
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	305-4	GHG emissions intensity	78-79
	305-5	Reduction of GHG emissions	66, 78-79
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	66
	306-2	Management of significant waste-related impacts	66
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	3-3	Management of material topics	48
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	54-55
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	55-56
	401-3		n/a
GRI 403: Occupational Health and Safety 2018	3-3	Management of material topics	60-61
	403-1	Occupational health and safety management system	60-61
	403-3	Occupational health services	55, 60
	403-5	Worker training on occupational health and safety	60
	403-6	Promotion of worker health	60
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	60
	403-8	Workers covered by an occupational health and safety management system	55, 60
GRI 404: Training and Education 2016	3-3	Management of material topics	58
	404-1	Average hours of training per year per employee	n/a
	404-2	Programs for upgrading employee skills and transition assistance programs	58-59
	404-3	Percentage of employees receiving regular performance and career development reviews	n/a
	3-3	Management of material topics	51

GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	52, 29
	405-2	Ratio of basic salary and remuneration of women to men	51-52
GRI 406: Non-discrimination 2016	3-3	Management of material topics	25, 33
	406-1	Incidents of discrimination and corrective actions taken	n/a
GRI 407: Freedom of Association and Collective Bargaining 2016	3-3	Management of material topics	49-50
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	49-50
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	68-75, 81-83
	413-2	Operations with significant actual and potential negative impacts on local communities	irrelevant