

**Harel Insurance Investments & Financial Services Ltd.**

**Corporate Responsibility – ESG Report**

**2019-2020**



## A MESSAGE FROM THE CHAIRMAN OF THE BOARD AND THE CEO

We are proud to present Harel Insurance and Finance Group's fifth Corporate Responsibility - ESG Report, reflecting our ongoing commitment to sustainability and corporate social responsibility. This approach is at the core of the Group's business and is readily identified and promoted by all Group stakeholders.

During the reported years, the realm of corporate responsibility continued to evolve and gain focus in both international and local capital markets. Undoubtedly, the most significant event in the reporting year - the outbreak of the COVID-19 pandemic - affected us all at an organizational economic level and at a personal level.

We can proudly confirm that we have successfully faced the various challenges encountered throughout the course of this crisis. Not only have we managed to maintain business continuity and provide an optimal level of service to our customers and policyholders, but we have also succeeded in ensuring occupational stability while safeguarding the health of our workers and their families. Notwithstanding this unprecedented crisis, we continued to respond to the needs of our community, through flexible and adaptable social involvement addressing the social needs brought on by the pandemic. Our dedication to both professional and moral excellence forms the basis of Harel's corporate responsibility approach and we are pleased to have met this challenge and become stronger for it.

With every passing year we invest additional time and resources in promoting activities to benefit local communities, creating a sustainable workplace and preserving the environment, adhering to the highest standards of ethical conduct, providing optimal customer service and maintaining a fair and transparent supply chain. We shall strive to continue on this path in the future as well.

We would like to take this opportunity to thank our management, employees and agents. Their contribution to Harel is invaluable, enabling the Group to achieve its business objectives and operate with fairness, transparency and integrity at all times. On this occasion, we would also like to also thank our customers for the loyalty they are showing. We wish all of you and your families a fruitful and productive year filled with plenty good health.

**Yair Hamburger**  
Chairman  
Harel Insurance & Finance Group

**Michel Siboni**  
CEO  
Harel Insurance & Finance Group

## THE HAREL GROUP

Harel Insurance Investments & Financial Services Ltd. is one of Israel's largest insurance and financial groups, dedicated to the future and financial security of over 4 million customers.

Our story is one of pioneering entrepreneurship, beginning over 80 years ago when Ernst and Margot Hamburger (of blessed memory), immigrated to Israel from Germany in 1935. They founded "Hamishmar Insurance Agency" growing and developing the business until their family established "Harel Insurance Company Ltd." in 1975. The company was renamed "Harel Insurance Investments & Financial Services Ltd." in 2007.

Since its inception, Harel has been a significant and dominant force in Israel's insurance and financial industry, consistently leading it forward. Harel's success stems from a unique combination of investing in strategy and business growth engines, along with maintaining the unique "Harel spirit" and company values.

Our customers benefit from our decades of experience, professional expertise, the highest standards of service, an advanced technological array, vigilance and ongoing learning, product development in accordance with customer needs and market conditions and our established, extensive and sound business relationships in Israel and abroad. Alongside these we strive to maintain a warm and welcoming organizational culture, provide a caring and nurturing work environment and cultivate values of responsibility and community engagement.

## The Harel Spirit – Vision and Values

“Our vision is to lead the country’s insurance and financial industry with integrity, quality and resilience, providing our customers peace of mind through personal service and attention offered by the Group’s exceptional human capital - its dedicated employees and agents.”

- Yair Hamburger, Group Chairman

The Harel spirit lights the **FLAMES** in the torch of our core values and is made up of our values’ initials. For us - the Company’s controlling shareholders, management and employees - the Group’s vision symbolizes the professional path we take while these core values serve as a compass guiding our decisions and the way we conduct our business.

**Family** - Harel is a family, providing a welcoming place to grow and develop.

**Leadership** - Promoting innovative and creative business solutions boosts our relative advantage in changing market conditions and enables us to retain our position as a leading group in the insurance and financial industry.

**Accountability and integrity** serve as a basis for the business operations at Harel.

**Management dedication** – our management is dedicated to meet the needs and expectations of all our stakeholders.

**Employees** - our employees are our most precious resource and therefore their retention, development and empowerment are high on our list of priorities.

**Service** – our customers are the foundation for our existence and we invest great efforts in understanding their preferences and providing swift and courteous service to both internal and external customers, while identifying their exact needs.

## Areas and Scope of Activity

Harel Insurance and Finance is Israel's largest insurance group. We offer a wide range of services in the field of insurance and finance:

Health – Health, assisted care, dental and travel insurance policies

Life assurance and Long-term Savings – Life assurance, pension funds, provident funds and education funds

Non-life insurance – motor vehicle, property, liability and credit insurance

Business credit – Hamazpen (the Compass) and Harel 60+

Finance – Mutual funds, investment portfolio management, equity funds

Assets under management totaling 291 billion NIS

An increase of 191% in assets under management over the past decade

A total of 27.4 billion NIS in total premiums and contribution fees – the highest in the field

Harel is the largest insurance group in Israel, with a market share of approximately 22.4% as of year-end 2020, serving over four million customers. Harel is the leading provider of health insurance in the country with a market share of 37.7%. In the non-life insurance sector, Harel is the largest insurance company in the country with a market share of 14.6%, and the second in terms of life assurance with a market share of approximately 20%.

The bulk of the Company's activities are conducted in Israel, with additional activity through its subsidiaries in Greece and Turkey in the non-life and health insurance sectors.

\* Unless otherwise stated all data relates to December 31, 2020

## Areas and Scope of Activity

We take pride in being Israel's leading insurance group in various insurance sectors, first in terms of health and non-life insurance premiums and second in terms of life assurance premium. We provide a wide range of insurance and financial services, including: Health insurance (health, assisted care, dental, and travel insurance), Non-life insurance (motor vehicle, property, liability and credit insurance), Life assurance as well as pension funds, provident funds and education funds, mutual funds, investment portfolio management, ETFs and ETNs and other finance services.

We offer these financial products and services to the Israeli public directly and through our agents located throughout the country.

Our headquarters are located in the Harel House and M.E.H House towers in the Diamond Exchange compound on the Ramat Gan–Tel Aviv border. In addition, the Group holds offices in Harel House Jerusalem, Tel Aviv, Haifa and Petach Tikva.

As of December 2016, the Group's chairman, Yair Hamburger, serves as the Chairman of the Israel Insurance Association and of the Association of Life Insurance Companies of Israel on a voluntary basis.

Further details regarding the Group and its activities can be found on our [website](#).

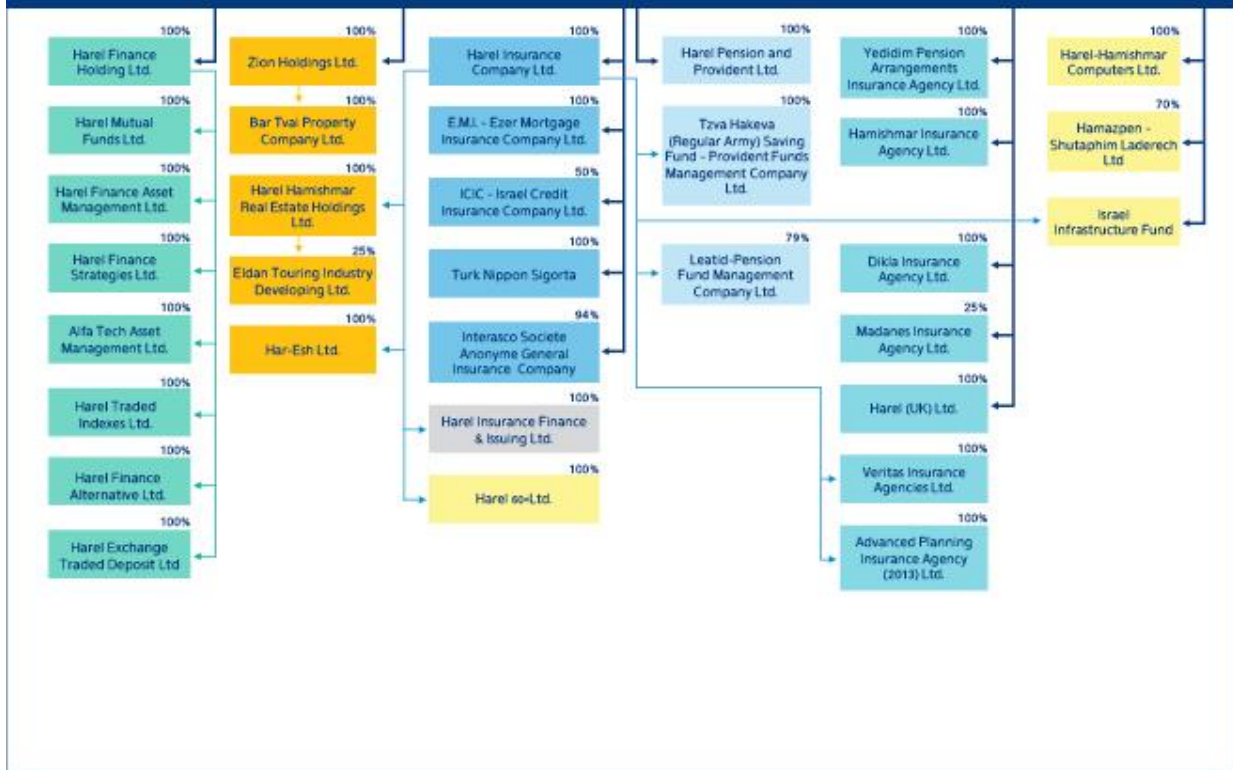
<b>Financial Results</b>	<b>2019</b>	<b>2020</b>
In NIS		
Total Group Income	978	834
Net Profit	457	725
Total premiums, contribution fees and payments for insurance contracts (in NISb)	30.8	29.8
Total equity attributed to shareholders of the Company	6,902	7,735
Total assets	114,717	119,746
Total assets under Group management (nostro and member funds) in insurance, pension funds, mutual funds and financial services (in NISb)	282.8	291.2
Payroll and related expenses	1,282	1,253
Total net liabilities for defined benefit plans	282	265
Dividends distributed	236	-
Monetary donations (for the benefit of the community)	10	9.5
Donations in-kind	1.45	0.53

Additional information regarding the Group's financial performance can be found in our publicly available periodic statements as published on our website.

## Our Drivers of Success

- Integrating and implementing digital tools that enhance agent and customer service experience
- The highest standard of service for both customers and agents
- A high level of professionalism in all areas of operation
- Ensuring a customer relationship based on trust, fairness and credibility
- Outstanding, professional and dedicated human capital of 4,461 employees
- Developing products and services that enable an effective response to the changing needs of the market and our customers
- Establishing a professional and fair relationship with our agents
- Employing advanced technologies to streamline processes and make informed, data-based decisions

# Harel Insurance Investments & Financial Services Ltd.



- Finance
- Real Estate
- Insurance companies
- Bond issuance
- Provident / pension funds management
- Insurance agencies
- Others



## Leading the Way – Awards, Recognitions, Ratings and Forums

### **The Israel Insurance Association**

Since its inception, Harel has been a member of The Israel Insurance Association - a voluntary organization incorporated as an NPO. Most of the general and marine insurers operating in Israel are members of the Association. As of December 2016, the Group's chairman, Yair Hamburger, serves on a voluntary basis as the Chairman of both The Israel Insurance Association and The Association of Life Insurance Companies of Israel.

### **The Valuable 500**

In 2020, Harel joined the Valuable 500 initiative, a collective of 500 multinational companies dedicated to promote disability inclusion and accessibility.

### **Dun's 100**

In the years 2019-2020, Harel was ranked first in the insurance sector category among 14 insurance companies in Israel according to the Dun's 100 rating of the leading companies in Israel. The ranking in this category is based on three parameters: balance sheet, gross earned premiums and total profit.

### **Certificate of Merit awarded by People & Computers Magazine as Part of the Best Digital Awards Event**

In 2019, Harel Hamishmar Computers Ltd., Harel's technological arm, was awarded a certificate of merit for its outstanding achievements in the field of digital transformation in Harel, including the implementation of groundbreaking solutions to achieve business objectives and improve customer experience. The award was presented by the technology magazine, People & Computers, in collaboration with the consulting firm Strauss Strategy, as part of the Best Digital Awards event. The award expresses Israel's digital innovation community's recognition of our recent digital initiatives. In addition, Eyal Efrat, head of Harel's Technology Division, was selected to receive the Chief Information Officer of 2020 award by People & Computers Magazine.

### **Best Companies of the Year Ceremony Presented by "Adif Insurance" and Insurance and Finance Sector Reporters**

- In 2019: Harel won in 3 categories: Insurance Group of the Year, Health Insurance Product of the Year for our "Upgrade Extra" solution, and Growing Investment House of the Year for Harel Finance.
- In 2020: Harel won in 3 categories: Insurance Company of the Year in the life assurance category, Company of the Year in the non-life insurance category and Innovation of the Year in the Health Insurance category for the advanced services it provides its agents.

### **IT Awards – Digital Excellence Competition 2020**

In 2002 Harel received the Digital Excellence award for two projects:

- Voice automation Bot (IVR), Israel's first Interactive Voice Response call routing system based on speech.
- Implementation of Microsoft Teams and advanced Office 365 capabilities in all Group sites to enable remote work during the COVID-19 lockdowns.

### **IBM Women Leaders in AI Honorees**

Hagit Tzafrir, head of the Health Division at Harel, was selected as one of 40 leading women in the field of artificial intelligence by the conglomerate, IBM. This is the first time an Israeli woman was selected for this list. Tzafrir was chosen in recognition of her artificial intelligence project "Ella the Digital Assistant" that provides digital customer service on Harel's website and WhatsApp. The Women Leaders in AI program is designed to encourage and promote women in the field of artificial intelligence and provide honorees with a network for shared learning.

### **The Dell Award for Digital Transformation**

Harel received international recognition at the 2019 Dell-EMC conference, winning an award in the EMEA Digital Transformation category for the digital transformation implemented in the Company.

### **Solidarity Index**

In July 2020 the Capital Markets, Insurance and Savings Authority published the Solidarity Index in the car insurance segment, examining actions taken by 15 insurance companies during the COVID-19 crisis for the benefit of their customers. Harel was ranked first on the index. The index reviewed 14 actions taken by insurance companies such as: providing reimbursements, discounts for those quarantined, providing additional coverage free of charge, promoting new and innovative products, etc. The Authority also reviewed the extent of the public's awareness to these benefits offered by the insurance companies in times of crisis and during the COVID-19 restrictions in particular.

## **SUSTAINABILITY AND CORPORATE RESPONSIBILITY AT HAREL**

The insurance and financial industry holds a world of sensitive content that demands the utmost responsibility, as the future and well-being of millions of policyholders and customers are at stake. As a leading group in the industry and in the Israeli economy in general, we attach great importance to responsible conduct and uphold the highest standards through our corporate responsibility policy.

Harel's corporate responsibility policy is consistent with our management approach and our corporate values. It is based on creating value for our customers while providing a professional and effective response and on community engagement and meaningful social commitment. For us - the Company's Board of Directors, management and employees - corporate responsibility is rooted at the core of our business activity and forms an integral part of it. We spare no effort in implementing this policy through all levels of the organization, recognizing that values, ethics and proper governance go hand in hand with leadership, success and the creation of added value for all stakeholders.

A corporate responsibility forum was established in order to prioritize these key issues within the Group. As of year-end 2020 the forum consists of Mr. Yair Hamburger, Ms. Liora Kvoras-Hadar – member of the Board at Harel Insurance, Mr. Doron Ginat – Head of the Long-Term Savings Division at Harel Insurance, Ms. Merav Ratan- Beit Dagan – Director of Corporate Communications & Investor Relations. The forum convenes once every fiscal quarter, receives regular updates and approves future action plans.

The Board of Directors monitors the Group's commitment to sustainability and corporate responsibility through regular updates from Board member, Ms. Liora Kvoras-Hadar, who has spent the past several years closely overseeing and promoting these matters within the Group.

### **Maala Rating**

Maala is an organization comprised of over 110 of the country's most prominent corporations, seeking to promote corporate responsibility and develop standards of responsible management in Israel. Harel has been a member of Maala since 2008 and rated "Platinum Plus", the organization's highest rating, since 2015.

## UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The United Nations defined 17 Sustainable Development Goals (SDGs) adopted in 2015 through a joint effort by governments, corporations and international organizations. The goals address the challenges of global sustainability, and through their 169 supporting targets and indicators they define the global agenda for social, environmental and economic development until 2030.

The business sector plays a central role in the effective achievement of these goals, recognizing its ability to make a positive impact. To this end, the financial sector is key to advancing almost all development goals when compared to other sectors, both directly and through investments and financial contributions to initiatives promoting SDGs.

In line with Harel's corporate responsibility strategy, we have adopted the UN's SDGs as a framework guiding our operations. As a company that champions responsibility, we are proud to stand among other leading companies around the world in our commitment to the SDGs.

We have selected 8 SDGs that are most relevant to our operations:

### **SDG 3: Good health and Well-Being**

Target 3.8: Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to effective and quality medical care.

Target 3.b: Support research, development and universal access to affordable vaccines and medicines.

Target 3.d: Improve early warning systems of global health risks.

### **SDG 8: Decent Work and Economic Growth**

Target 8.2: Achieve higher levels of economic productivity through diversification through a focus on high-value added and labor-intensive sectors.

Target 8.5: Achieve comprehensive and productive employment and decent work for all, including persons with disabilities, equal pay for work of equal value and decent pay.

8.8 Protect workers' rights and promote a safe and secure work environment for all workers

### **SDG 7: Affordable and Clean Energy**

Target 7.A: Promote access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology.

Target 7.B: Expand infrastructure and upgrade technology for supplying modern and sustainable energy services, including through investments in energy efficiency, technology and infrastructure.

### **SDG 9: Industry, Innovation and Infrastructure**

Target 9.3: Increase the access of small-scale enterprises to financial services including affordable credit, and their integration into value chains and markets.

Target 9.4: Upgrade infrastructure, increase resource-use efficiency, decrease carbon intensity and greater adoption of clean and environmentally sound technologies.

Target 9.a: Facilitate sustainable and resilient infrastructure development through enhanced financial support.

### **SDG 10: Reduced Inequalities**

Target 10.2: Empower and promote the social and economic inclusion of all irrespective of age, sex, disability, race, religion etc.

Target 10.3: Ensure equal opportunity and reduce inequalities.

### **SDG 12: Responsible Consumption**

Target 12.2: Achieve sustainable management and efficient use of natural resources (raw material consumption).

Target 12.5: Substantially reduce waste generation through prevention, reduction, recycling, and reuse.

Target 12.6: Adopt sustainable practices and to integrate sustainability reports.

Target 12.7: Promote sustainable procurement practices.

### **SDG 13: Climate Action**

Target 13.b: Promote mechanisms for raising capacities for effective climate change-related planning and management.

### **SDG 16: Peace, Justice and Strong Institutions**

Target 16.6: Develop effective, accountable and transparent institutions at all levels.

Target 16.7: Ensure responsive and inclusive decision-making.

## **Corporate Governance through the COVID-19 Pandemic**

The outbreak of the COVID-19 pandemic posed complex challenges for the economy and demanded the capacity to adapt and offer innovative solutions to new problems created by the crisis. The needs of the various stakeholder groups became more pronounced and provided Harel with the opportunity to prove its capabilities as a responsible company that initiates measures in support of its employees, customers and the community in which it operates.

### **Supporting our Employees during the COVID-19 Pandemic**

Both under normal circumstances and in challenging times, Harel considers its employees as valuable assets, and our concern for their well-being, with all this entails, was among our highest priorities during this period. Throughout the course of the pandemic, we took various measures aimed at meeting needs as they emerge, while adhering to the Company's core values, first and foremost, and maintaining the health of our employees.

The pandemic presented us with great uncertainty, highlighting the importance of communicating with our employees on an ongoing basis and in an accessible manner through our employee portal, text messages, emails and of course through management, in order to support employees in any way possible. In an effort to assist our employees in this difficult time, Harel offered the 15% of those workers placed on furlough (for a limited period) with a grant of NIS 5,000 during the Passover holiday. In addition, the Company continued to provide insurance coverage and social benefits to all furloughed employees.

The pandemic was characterized by the transition to remote work. We encouraged our employees to work from home during lockdowns while recognizing the complexities and the various aspects of work-life balance and blurring boundaries. We assisted our employees in creating a customized work environment in their home and provided each employee who wished so, a computer and a monitor for a nominal fee of NIS200.

We have taken measures to help our employees cope with the psychological challenges posed by the COVID-19 crisis by providing them with an option for psychological and medical counseling. In addition, we established a financial aid fund to support employees who were laid off as a way to assume responsibility and assist them during this challenging period. The Group further recognized the effects of COVID-19 on its suppliers and therefore advanced payments to suppliers who requested it.

### **Supporting our Customers during the COVID-19 Pandemic**

Harel managed to deliver superior customer experience even during the pandemic, providing comprehensive service to all its customers throughout the year. Our latest digital platform has enabled Harel's Service Division to meet its service targets and provide a swift, accessible convenient and simple service reflected in the high satisfaction levels of our agents in the field. In fact, there was an overall

increase in customer service satisfaction levels during the pandemic compared to the previous year (see the chapter “Customers, Products and Service”).

Throughout this period, numerous adjustments were made to the services we offer our customers. For example, the option to pause comprehensive car insurance payments for those under quarantine as well as a series of other benefits to policyholders and saving account holders.

In addition, our “green” insurance products such as “Harel Switch” (detailed in the chapter “Environmental Sustainability”) were positively received by the public due to lockdowns and a decrease in kilometers driven.

Additional benefits offered by Harel to its policyholders included:

Pension Plan (Managers Insurance) - Retention of all insurance coverage and benefits in the event of death or work disability, as eligible in the policy, for 3 months at no cost.

Pension Fund – Retention of insurance benefits for 5 months at no cost, ensuring access to insurance coverage for furloughed employees.

### **Harel Above and Beyond**

An example of our commitment to our policyholders during the pandemic can be taken from the case of Mr. and Mrs. Ofarim, two cruise ship passengers who contracted COVID-19 during a holiday cruise in Japan. As Harel insurance policyholders, they received comprehensive insurance coverage throughout their quarantine in Japan. From food deliveries for 25 days, ongoing expenses of approximately NIS7,000 and additional NIS20,000 for business class flight tickets on their return home after over two months in Japan.

Their insurance agent, Varda Levkowicz, recounts: “I must commend the insurance company that graciously approved every request despite the fact that it was not covered by their policy.”

### **Supporting our Community during the COVID-19 Pandemic**

Harel initiated various activities in support of the physical and mental well-being of the community during the COVID-19 crisis.

We were among the first companies to fund civilian rescue flights following the shutdown of airlines and flight routes. The Company assisted in the acquisition of respirators for hospitals and protective gear for medical staffs and donated gift packages to medical workers and patients. The Company made financial contributions to an organization that offers emotional counseling to individuals dealing with anxiety during this challenging period, and supported a COVID-19 research fund. For more details on the venture [press here](#).

In addition, the Company established scholarships for medical students and funded a donation of computers for special-needs and underprivileged children, devices that were indispensable during a time where social distancing became mandatory.

Harel's contributions to the community during this period included:

- A contribution to the United Hatzalah (Israel Rescue) organization dedicated to the establishment of the "1221" national humanitarian emergency dispatch project
- Food package donation to the IDF's Logistics Corps transportation center - the Knights of the South and the North, which we have sponsored for the past 12 years
- Assistance in distributing food packages to underprivileged families in cooperation with the Pitchon-Lev organization
- Various other charitable donations



## IMPACT

### **You may have insurance, but you don't have Harel**

As an insurance and financial services company, Harel operates out of a commitment to its policyholders - now and in the future. Thus, we strive to act responsibly, sensibly and through a long-term perspective to promote sustainable development for the benefit of future generations.

The UN's Committee on Development and the Environment provides a comprehensive definition of sustainable development, whereby humanity is capable of sustainable development if it can guarantee the needs of the present without compromising the ability of future generations to meet their needs. That is, development that fosters economic growth while embracing social and environmental considerations and promoting intergenerational equity.

Throughout its decades of operation, Harel has positioned itself as one of the leading companies in Israel, generating a positive impact on society and the economy as a whole. We are committed to the future and financial security of over 4 million customers and dedicate our experience, professional expertise, an advanced technological array and extensive business relationships in Israel and abroad to their benefit. Along with our customers, our commitment serves the local economy and numerous other stakeholders. We strive to expand the scope of our activities so we may, inter alia, enhance our positive impact on Israeli society.

The insurance and financial services industry inherently creates significant social value. Its operations enable people to protect themselves from risks and cope with disasters, crises and catastrophes through mutual guarantees. Namely, at the core of our activity we offer resilience and the ability to withstand and recover, thus contributing to economic stability in a manner that renders us an essential driver for the development and progress of society and the economy.

As a leader in the insurance and financial services industry and a prominent corporation in the Israeli economy, we recognize our far-reaching responsibility and act consciously and proactively to create a positive impact. Since its inception Harel's business activities extend beyond the letter of the law through a broad commitment to all our stakeholders, with decisions based on socio-environmental considerations alongside economic ones and always guided by the unique "Harel Spirit."

This report sets out to reflect the value we create for our society and the economy through our operations as they relate to economic, social and environmental aspects. The methodology we adopted is based on the principles of sustainability as they correspond to Harel's vision and strategy. Underlying the principles of sustainability are the foundations of what this concept represents – three interdependent pillars: the economy, society, and the environment.

## Our Impact

As an insurance and financial services provider, we operate out of a commitment to our policyholders, now and in the future, and thus strive to promote sustainable development for our benefit and the benefit of our loved ones.

### Economic

- Supporting the economy
- Supporting employment
- Advancing the Israeli start-up ecosystem
- Developing infrastructure

### Social

- Providing coverage for our policyholders
- Caring for our employees
- Advancing the healthcare system
- Humanitarianism
- Community involvement
- Innovative products

### Environmental

- Products
- Investments
- Reducing the environmental impact of our operations
- Promoting social causes with added environmental value

## Economic - Creating Value for the Market and Economy

As an insurance provider managing long-term savings, we are involved in numerous investments in the Israeli market that aim to serve our customers and indirectly serve the economy in financing its growth.

Creating value for the economy and promoting employment

4,461 workers employed at Harel as of year-end 2020

NIS250m invested in Funds for Small and Medium Businesses in 2020

Creating value for customers and policyholders

4 million customers as of the years 2019 and 2020

NIS236m in dividends paid to our shareholders through 2019-2020

NIS35.2b credit portfolio as of year-end 2020

NIS18.6b total insurance claims paid in 2019-2020

NIS477m total taxes paid in 2019-2020

NIS1,633m total payments for pension and life assurance contracts in 2019-2020

\* Figures are rounded and relate to the 2019-2020 reporting period

### **Creating Value for the Economy and Promoting Employment**

- 4,416 workers are currently employed at Harel
- Indirect employment –
  - 377 outsourced vocational workers
  - Approximately 2,500 suppliers
- Promoting small and medium sized businesses (SMEs)
  - In 2019, Harel established Hamazpen, a subsidiary involved in providing innovative financing solutions to SMEs that have limited access to credit sources.
  - In 2020, Harel invested NIS250m to establish the Giza Fund at the Ministry of Economy and Industry in support of small businesses in Israel.
  - Harel is invested in the British impact investment fund, “Bridges,” which focuses on startups and small businesses, and further aims to promote social inclusion, implement impact investments and promote a sustainable economic system.

### **Creating Value for our Policyholders and Fund Members**

- Approximately NIS236m in dividends distributed to shareholders in 2019-2020
- Over NIS2b in dividends distributed to shareholders over the last decade
- Dividend distribution policy – 30% of the comprehensive income in Harel Investments and 35% of the comprehensive income in Harel Insurance
- Total assets under management amount to NIS291 billion as of year-end 2020

\* Figures are rounded and relate to the 2019-2020 reporting period

## **Impact on Infrastructure Development in Israel**

- Harel is a partner in the establishment of the Israel Infrastructure Fund ("IIF"), which supports investment in the country's infrastructure, mainly in water, energy, logistics and transportation, for a total investment of approximately USD2b, positively impacting national development. Among the fund's projects are:
  - Transportation - Road 6, Road 431, the Jerusalem light rail in Jerusalem and more
  - Energy - Dalia Power Plant, a natural-gas power station
  - Water - the water desalination facility in Palmachim, producing approximately 90 million cubic meters of desalinized water annually
  - Communication – "Unlimited," a national project for fiber optic network deployment
- Investments in real estate contributing to the development of the country, supply of additional housing units to mitigate the housing shortage in Israel, while promoting green construction in new projects. Along with investments in income-producing properties and other housing initiatives, Harel is the main financier of the Jewish Agency's public housing project for the provision of 2,600 housing units around the country for underprivileged populations. Harel invested almost NIS600m in this project.
- Investment in infrastructure and insurance projects (in addition to the IIF activity):
  - A project for establishing public transport and high occupancy vehicles lanes on highways between Netanya to Tel Aviv in order to encourage the use of public transportation
  - Insuring public transportation projects including the Jerusalem light rail, Dan Transportation Company and other transportation companies

## **Promoting Technology and the Local Technological Ecosystem**

- Investment in local high-tech - In 2020 we invested approximately USD37m in Israeli high-tech companies, for a total of USD133m to date. In addition, we approved an allocation of a further USD100m for investments in start-up companies in the upcoming two years. Among the companies are: Tabit Technologies, Pango, Lemonade. Some of these companies are private firms while others became publicly traded over the years, following Harel's investments.
- Supporting the growth of Israeli start-ups - We work with numerous Israeli start-ups at various stages of development, offering them business consulting services and helping them grow, while providing an opportunity to run pilots and develop the product at Harel's offices and connect to other international investors.

In 2020, Harel and the Japanese insurance company, Tokyo Marine, collaborated on an international event to promote Israeli start-ups. The event is the first of its kind aimed at locating Israeli companies that develop technological solutions to business challenges in the insurance industry. The collaboration between the two companies began in July 2019 in order to promote innovation in both countries and expose Israeli start-ups to the local and international market.

- Promoting technological advancements in Israel - We are members of organizations and forums whose purpose is to promote and implement technological innovation in the local economy. For

example, translation of artificial intelligence based technologies into Hebrew. We value the importance of technological capabilities and invested approximately NIS540m in computer and software equipment for our operational and business activities during the years 2019-2020.

- Innovation and digital applications - Through the implementation of innovation and digital applications at Harel, we promote collaborations with international technology companies and expand their presence in Israel. For example, Harel is currently in the process of implementing a CRM platform by Salesforce. This is the first project of its kind in Israel in scope and expertise, with Salesforce leading its integration. This is a strategic project with a significant investment of resources turning it into a flagship project for the American software giant.

## Social - Creating Value for Israeli Society

Advancing the healthcare system and contributing to the health and well-being of the Israeli public.

With a market segment of 37.7% as of year-end 2020, Harel dominates the health insurance sector as Israel's largest insurer.

200,000 surgical procedures - Harel covers over 100,000 surgeries a year and over 180,000 private doctor consultations, mitigating the operational and budgetary burden on the public healthcare system.

Commitment to Equal Employment Opportunity - 70% of our employees are women, 3,117 women were employed at Harel as of year-end 2020

We chose to procure over NIS1m in products and services from organizations and social businesses that provide employment opportunities for people with disabilities.

### Employees

163,691 hours of employee training programs over the course of 2019 and 2020 – over 30% of which for knowledge and skill development, personal empowerment and skill building for the future of employment.

255 Harel employees were promoted from within the Company and account for 17% of our management as of year-end 2020

### Community Outreach

NIS19.5m monetary contributions and an additional NIS2m of contributions in-kind (equipment and volunteer hours) over the course of the years 2019 and 2020.

12,487 volunteer hours – our employees volunteered 12,487 hours to various community causes over the course of the years 2019 and 2020

\* Figures are rounded and relate to the 2019-2020 reporting period

## **Creating Value for Israeli Society**

### **Advancing the HealthCare System and Contributing to Public Health**

With a market segment of 37.7%, Harel dominates the health insurance sector as Israel's largest insurer. Private health insurance has a significant impact on the Israeli healthcare system and on promoting the health of the public in general and the Company's customers in particular. Private insurance benefits policyholders and in turn, also contributes to reducing the burden on the public healthcare system and thus serves not only the insured but also helps the public system provide better service to the entire population. In addition, private insurance diverts expenditures from public funding (national budget) – by covering private procedures, private insurance funds 34% of total national health expenditures. Furthermore, private insurance is often a driver for the development and advancement of innovative technologies and drugs that are not covered by public healthcare and thus serves to promote the advancement of healthcare in Israel.

Harel covers over 100,000 surgical procedures a year and over 180,000 private consultations, mitigating the operational and budgetary burden on the public healthcare system.

At the individual customer level, private healthcare allows for efficiency and flexibility in a way that improves overall well-being. Moreover, insurance creates high availability for specialists, procedures and surgeries, allowing the patient to choose from various treatment alternatives and possibly reducing recovery time and facilitating follow-up treatments.

In addition, we provide our policyholders with a range of supplementary products and services that support policy coverage, optimizing the value we deliver to our customers.

## **Supplementary Products**

Harel has made significant digital headway allowing us to offer fast, innovative, simple, convenient and up-to-date services, eliminating bureaucracy and saving time for our customers and agents. Among the solutions that have benefited from a digital transformation are: Online consultations with specialists as part of Harel's service: "Online Personal Healthcare", home deliveries of medication, filing and settling claims digitally, personal medical case management (professional guidance and support through the treatment and recovery process in collaboration with Medix), an upgraded chronic illness insurance, a rapid diagnosis policy and more.

## **Upgrade Extra**

The first harbinger of products catered to the needs of the policyholder and offering additional solutions beyond those defined in the standard policy.

## **Rapid Diagnosis Policy**

In collaboration with Assuta Medical Centers, we offer a unique policy that guarantees an appointment with a specialist within 3 business days and receipt of a comprehensive diagnosis within 72 hours following the appointment. The patient is then referred for further tests as required. This policy affords life-saving, available and accessible medical care by providing professional medical response that includes a complete and thorough diagnosis while preventing hospitalization days and unnecessary procedures.

## **Promoting Well-Being through Community Engagement**

We strive to promote health and well-being in Israel not only through our business activities but through our community involvement as well.

- We donated NIS3,036,000 to United Hatzalah, a volunteer-based emergency medical services organization, and assisted its activities through the COVID-19 pandemic.
- Harel employees volunteered 3,808 hours in United Hatzalah and participated in 507 dispatch calls.
- We held health days to which thousands of participants arrived to undergo vital medical exams.
- Our employees collected 127.4kg of medication that was delivered to the needy through the "Friends for Health" organization.

## **Employees**

- We invested 163,691 in employee training hours, over 30% of which for knowledge and skill development, personal empowerment and skill building for the future of employment.
- 255 Harel employees were promoted from within the Company and account for 17% of our management.
- 85% of lateral positions were filled from within the Company.
- 85% of employees participated in reciprocal performance evaluations.
- 90% of the staff who went on parental leave returned to work and remained at Harel.

\* Figures are rounded and relate to the 2019-2020 reporting period

### **Promoting Equal Employment Opportunity**

- Age and gender diversity in the workplace: Harel employs 3,117 women who account for 70% of the workforce. 618 employees, accounting for 14% of the workforce, are currently over the age of 50.
- We chose to procure over NIS1m in products and services from organizations and social businesses that provide employment opportunities for people with disabilities, such as “Ofek Lavan”, “&Joy”, “Zipor Hanefesh”, and more.

### **Innovation - Creating Value for the Needs of the 21<sup>st</sup> Century and Improving Accessibility**

- We accelerate digitization processes within the Company and implement the use of advanced technologies, including artificial intelligence, enhancing the customer service experience and increasing added value:
  - Dynamic and accurate pricing for each customer in accordance with their needs
  - Bespoke service through numerous convenient service channels
  - Simplified and accessible information
- We develop innovative solutions that enable us to improve the accessibility of insurance and financial products to various populations, according to their needs. For example, Mortgage 60+ and the “Center for Advanced Economic Planning”, services that provide the senior citizen population with tailored solutions and products along with guidance and personal consultations.
- We established a mutual fund that allows our customers to actively invest in companies that are managed responsibly and rated high on the ESG index (a rating based on stringent criteria related to Environmental, Social and Corporate Governance).

### **The Socio-Humanitarian Aspect**

- Accessibility in service – We have invested 636 hours of training in programs focused on accessibility and have developed additional service channels that improve accessibility, including communication through WhatsApp.
- Assistance beyond obligation – We exercise discretion and assess requests on a case by case basis, at times deviating from the standard criteria and even providing coverage and assistance beyond the letter of the law, funding medication and surgeries.
- Harel 669 – We are the first to be called in circumstances that require medical rescue in Israel and around the world, both for our insured and for Israeli citizens in general. During any such event, we rescue anyone in need as well as provide emergency assistance to the local population.

### **Community Engagement**

Through the course of 2019 and 2020:



- We made monetary contributions amounting to NIS19.5m and an additional NIS2m of contributions in-kind (equipment and volunteer hours)
- Our employees volunteered 12,487 hours to various community causes
- 30,540 families received deliveries of fresh fruits and vegetables thanks to our contribution and volunteers with the “Leket Israel” organization
- 12,000 food packages were packed and distributed by Harel employees to hundreds of families nationwide
- 258 students received a total of 42,546 school lunches prepared and donated by Harel
- Our employees volunteered 235 hours to tutor over 70 students as part of the “Shiur Acher” organization
- Approximately 300 Harel employees volunteered at “Variety Israel’s” annual fundraising event, helping to raise funds amounting to over NIS4.5m

\* Figures are rounded and relate to the 2019-2020 reporting period

## Creating Value for the Environment

We shall continue to reinforce our environmental commitment to issues such as climate change and global warming – the most significant environmental challenges today.

The ramifications of these issues, including extreme weather events, the spread of disease, depletion of natural resources and more, may pose a real impact on the insurance and financial services industry both in operational aspects (impairing the ability to operate) and business aspects (increasing the volume of insurance claim payments, decreasing investment value, etc.).

Thus, we work proactively to reduce our environmental impact and promote environmental awareness across our business operations.

### **Promoting Environmental Goals through Green Investments\***

NIS1.7b invested over the last decade in companies and projects involved in the production of green energy

988.3MW – our investment in green energy projects enabled the total production of 988.3MW in the last decade

Reducing environmental impact resulting from our operations

A 10% decrease in our carbon footprint – we decreased our carbon footprint by 10% by preventing 1,180 ton of CO<sub>2</sub>eq.

In 2020 we improved our energy intensity by over 15% compared to the previous year

A decrease of 50.43 ton in paper consumption – Through the years 2018-2020 we managed to reduce paper consumption by 50.43 ton, saving 1,210 trees

Community Engagement with Added Environmental Value

19,550 bottles – our employees collected 19,550 empty bottles and donated the recycling proceeds to academic scholarships funds over the years 2019-2020

\* The investments are a portion of the Company's assets under management

### **Promoting Environmental Goals through our Products**

- Harel Switch - we encourage our customers to minimize their use of private vehicles through an innovative car insurance policy based on a "pay per mile" principle.
- Upgrade 10,000 – a 20% discount in comprehensive car insurance premiums offered to low-mileage drivers (less than 10,000km a year).
- Adira Green Policy – we support international environmental trends and insure domestic installations for generating electricity from solar energy.

### **Promoting Environmental Goals through Green Investments**

- Over the last decade, we invested NIS1.7b in companies and projects involved in the production of green energy.
- Our investment in green energy projects enabled the total production of 988.3MW in the last decade.
- We established the "Green Economy" mutual fund that invests in companies focused on sustainability.

## **Reducing Environmental Impact Resulting from our Operations**

- Carbon emissions –
  - We decreased our carbon footprint by 10% by preventing 1,180 ton of CO<sub>2</sub>eq.
  - We improved our energy intensity in 2020 by over 15% compared to the previous year.
- Energy consumption –
  - Successfully decreased our energy consumption by 12% and improved our energy efficiency by 9%
  - Managed to decrease our electricity consumption by 6%
  - Installed a smart energy management system (EMS) designed to improve our offices' energy consumption by 20%
  - Energy consumption from natural gas sources was 17,664,428kWh, equivalent to the annual energy consumption of 2,000 Israeli residents
- Waste –
  - We reduced paper consumption by 50.43 ton, thus saving 1,210 trees
  - The Company donated 845 items such as electronic devices and appliances to our employees and various organizations and thus reduced landfill waste and created social value
- Environmental procurement – we integrated environmental considerations in our RFQs

## **Community Engagement with Added Environmental Value**

- We invested 852 volunteer hours in environmental stewardship – cleaning beaches, maintaining nature preserves, etc.
- Our employees collected 19,550 empty bottles and donated the recycling proceeds to academic scholarships funds
- Our employees collected 127.4kg of medication that was delivered to the needy

\* Figures are rounded and relate to the 2019-2020 reporting period

## CUSTOMERS, PRODUCTS AND SERVICE

### Providing Peace of Mind

The Company's vision and the core of our business is to provide security, assurance and peace of mind to our millions of customers.

We assist people and businesses to manage risks and protect themselves against unforeseen events, helping them recover from crises and catastrophes. We strive to establish our customers' trust and assure them that we will stand at their side in time of need. We achieve this through a client-oriented strategy that actively works to build long-term relationships based on humanity, loyalty, emotional connection, partnership and reciprocity.

At the forefront of its industry, Harel is the largest insurance company in Israel, with approximately 4 million customers. As such, we are committed to adapt our activities and provide an appropriate response to social, economic, technological and environmental changes, affording our customers with a sense of security in the new era. As of 2016, Harel operates in accordance with our "Recalculating Directions" strategy, designed to navigate Company activities to creating unique and bespoke added value for our customers by promoting technological innovation and intellectual creativity while leading the industry forward.

As part of this approach and the implementation of our strategy, two new divisions were established in 2019: the Digital Division and the Service and Customers Division, which were later merged into one. The Digital Division serves as Harel's change agent with the role of ensuring a focus on customer experience, accelerating digital transformation, managing the Company's databases and guiding the various divisions in business development processes. While the Service Division is an expansion and enhancement of the Service Department, coordinating and unifying all customer service arrays: customer service centers, digital service channels and ombudsman services.

#### Implementation of customer-oriented strategy

- New areas of activity
- Corporate responsibility
- Innovative products
- Digital processes
- Digital assets
- Content assets strategy

#### Strong Foundations

- Agents
- Customers
- Technology
- Organization and people

- Investments
- Assets, premiums and capital

## **Customer Experience and Digital Transformation as a Means of Reinforcing Customer Loyalty**

**Developing data analysis capabilities and integrating digital processes enable Harel and its agents to improve customer experience, from personalized solutions, through convenient and accessible service to reinforcing relationships and enhancing customer loyalty.**

We are leading a digital revolution and blazing new trails in the insurance industry, placing an emphasis on the implementation of technological tools that help us realign our operations with the lifestyles of our customers in the 21<sup>st</sup> century. The Digital Division is responsible for leading Harel's digital transformation as an integral part of the Company's DNA. To this end it operates at all organizational levels together with the various other departments and divisions and through the mutual efforts and full cooperation of our agents. All digital measures and initiatives are implemented through a holistic approach, fundamentally transforming work processes and rebuilding them with a focus on innovation and service.

The digital transformation is an enterprise-wide initiative consisting of numerous projects working harmoniously to generate a positive customer experience.

We have identified the three key elements of our digital service:

1. Personalization - We implement technological measures and develop digital tools based on data and artificial intelligence to help us become familiar with each customer, learn their history and specific needs and offer them tailored solutions. This allows us to provide dynamic and accurate pricing for each customer, as opposed to average product pricing, and provide a personal services experience.
2. Simplification and accessibility of information - We invest in the development of content platforms that provide customers with information in a clear and simple manner, coherently and completely, with a focus on accessibility, convenience and an easy, straightforward and intuitive application. These communication channels further help reinforce our relationship with our customers.
3. Operational efficiency – The digitization of processes and services allows us to provide customers and agents with a simple, accessible, swift (sometimes even immediate) service. Harel develops “self-service” options such as the purchase of products, filing and receiving payment of claims and online access to information.

## Our Customers

We are committed to delivering exceptional service to each of our customers. Services are provided directly and through our agents.

### **Customers by areas of activity:**

Health – Health insurance policies are offered to individuals, collectives, tourists and temporary foreign workers

Long-term savings – Our customers include salaried employees, self-employed and individuals who purchase private coverage (regardless of their place of employment).

Non-life insurance - Private and corporate policyholders

Finance - Private and corporate investors

### **Tenders**

We aim to offer our services to as many customers as possible and participate in tenders published by various organizations. In 2020, Harel won a tender published by the Tel Aviv municipality for providing health and dental insurance for 30,000 of its employees and their families, as well as for the employees of the Ichilov Medical Center and their families. The new policy is comprehensive and includes a wide range of advanced services.

Selected tenders:

The Tel Aviv Municipality Workers Union

The Accountant General Department in the Ministry of Finance

Rafael

Leumi Bank

Bezeq Telecommunications

Apps Flyer

Kranot - Israel National Police Fund

Israel Electric Corporation

Shufersal supermarket chains

Israel Military Industries

Google Israel

## 636 Training Hours

Through the course of 2019-2020 we have invested 636 hours of in-person training in programs focused on accessibility.

### **Harel is Accessible to Everyone**

Harel recognizes the paramount social importance of accessibility. Therefore, we have formulated an accessibility policy that complies with regulatory requirements and expresses the Group's commitment to acceptance and equality. The policy was developed under the guidance of qualified accessibility consultants, in collaboration with the Access Israel Foundation and based on accessibility studies and a gaps and deficiencies survey.

In 2017, Harel appointed a dedicated accessibility coordinator who, together with other professional entities within the Company, is responsible for implementing both physical accessibility and accessibility of service. The Group's offices and customer service and reception centers were made accessible through ramps, dedicated seating, directional signs and other adjustments in our facilities, including restrooms and parking areas. In addition, our website is accessible to people with disabilities and all Group employees undergo dedicated accessibility training, whether in-person or online, in cooperation with Access Israel. Through the course of 2019-2020, our employs underwent a total of 636 training hours focused on accessibility.

## **Developing Innovative Products**

We strive to make our customers' daily lives easier and simpler, helping them improve their quality of life and achieve their goals. Concurrently, we aim to provide practical financial solutions for the various population segments in Israeli society and the market as a whole.

Harel's Business Innovation Department was established in late 2020 under the Digital Division, working together with the other professional divisions in order to develop innovative products while accurately identifying customer needs and leveraging organizational knowledge and capabilities. The division operates at the strategic level, creating interfaces between products from different content worlds, locating strategic partners, including entrepreneurs and fintech start-ups, and developing innovative business models through a holistic view of the customer and the added value we can provide.

## **Enhancing Accessibility through Innovation**

### **Mortgage 60+ Turning a House into a Source of Income**

In 2020 Harel established its subsidiary Harel 60+ to provide dedicated financial solutions to those aged 60 and older. Most policyholders are concerned about their pension funds and the question of whether they will enable a comfortable retirement. This concern has become increasingly prevalent given the growth in life expectancy. Today there are more than a million Israelis over the age of 60 and in approximately five years this group will account for 15% of the total population. The senior citizen population may encounter financial difficulties due to a lack of income from employment, yet very few financial solutions are available to this population segment. Recognizing this need, Harel initiated the “60+ Reverse Mortgage” loans in 2020, enabling borrowers aged 60 and older to convert a portion of their home’s equity into a loan which they can use to supplement their monthly income. The vast majority in this age group are in full ownership of a home, clear of mortgages. With Harel they can now turn their home into a source of income.

### **The Harel Center for Economic Planning and Retirement – Smart Planning for Retirement and Pension**

A subsidiary of Harel, The Center for Economic Planning and Retirement was established with the aim of assisting our customers approaching retirement age to effectively plan and manage their financial activities. The Center provides a broad array of services including all aspects of financial management - pension plans, investments, rights and benefits, income planning, etc. The services are provided by experts from Harel Finance and Insurance who guide the customers and create a personalized plan tailor-made to their needs and circumstances. The service is ongoing - from preretirement to postretirement, and includes emotional as well as financial support. Harel’s Center for Economic Planning and Retirement is the largest, most advanced retirement planning center in Israel and as a subsidiary of Harel it provides services not only to Harel’s customers but to others as well.

### **Investment Provident Funds – Investments in Accordance with Jewish Law (*Halacha*)**

Harel develops a variety of saving and investment products tailored to the ultra-Orthodox population, offering solutions in the field of pensions, provident funds, study funds, life insurance and financial services. In 2019, Harel launched a dedicated investment track - “Investment Provident Fund - Halacha Track” intended for investors interested in an investment under the halakhic approval of the rabbinical court and subject to the rules of Jewish Law. According to these laws, investments in corporate bonds are prohibited since it is forbidden to charge interest on loans and since certain corporations do not conform to Jewish values. As part of this dedicated investment track, Harel Pension & Provident has implemented a strict supervision process in which the candidate funds and their investment process in “kosher assets” are reviewed and receive rabbinical transaction permits.

### **Safe Stay Plus – Health Insurance for Temporary Foreign Workers**

The health insurance policy, Safe Stay Plus, is intended for temporary foreign workers employed in industries such as agriculture, nursing, construction, etc., providing them with medical insurance during



their stay in Israel. The policy covers an array of health services similar in scope to those currently provided to permanent Israeli residents. Harel insures approximately 45% of the foreign employee population in Israel and is the largest insurer of this segment.

### **Mortgages for People with Disabilities**

Harel provides mortgages to people with disabilities and offers various discounts / benefits to this population group.

### **Hamazpen (The Compass) – Small and Medium-Sized Companies (SMEs)**

Israel is ranked among the leading OECD countries in stimulating SMEs and entrepreneurship. Over 560,000 businesses are currently operating in Israel, the majority of which (99.5%) are defined as SMEs, employing approximately 68% of all those employed in the business sector and producing approximately 62% of the GDP. However, SMEs rely almost entirely on bank loans as their primary source of credit, compared to large businesses that can access a variety of funding sources. In an effort to promote and advance small businesses in Israel and assist them to contend with one of the main barriers to growth – credit access, Harel established its subsidiary, Hamazpen, in 2019. The subsidiary is involved in the creation of innovative financing solution for entrepreneurs and SMEs, including mezzanine loans (supplementing traditional bank financing).

### **Insurance for IDF Disabled Veterans**

Harel's insurance policies for members of the IDF Disabled Veterans Organization and their families are specifically formulated to meet their needs. These policies are issued on more favorable terms as part of our Zionist commitment. Among these policies are:

**Life insurance policies** designed to ensure the financial security of IDF disabled veterans' families.

**Health insurance policies** that do not require a health declaration, and include coverage for medication outside the HMOs approved health services basket, organ transplants in Israel and abroad, and more.

## **Supporting our Customers during COVID-19**

The outbreak of the COVID-19 pandemic brought a set of daunting challenges to all our lives. During this difficult time, we felt the need to support our customers and develop various initiatives to help them successfully face these challenges:

- Pension insurance (managers insurance) - We offered three months of premium-free coverage to any of our managers insurance policyholders who have been furloughed during the pandemic.
- Pension fund - For customers holding Harel's pension funds, we automatically retained all insurance coverage for those on furlough for a period of 5 months from the date of the last deposit, without need to submit a request application.

- Car insurance - We enabled the option to pause comprehensive car insurance payments for those under quarantine.
- Travel insurance - We were among the first insurance companies to reinstate travel insurance policies, subject to the completion of a vaccination protocol as required by the Ministry of Health. In addition, we launched together with “Ichilov Well” a COVID-19 home testing service at a reduced cost and with results within 48 hours.
- Assistance to businesses - We have worked proactively to provide general and specific solutions to issues related to coverage provided and recommended during the pandemic, ensuring customer rights in circumstances of reduction or expansion of the scope of coverage, an increase or decrease in insurance amounts, etc.

In addition:

- We granted concessions and discounts for discontinued operations without questioning the customer, provided the request was due to consequences of the pandemic. We enabled refunds for businesses whose employees were quarantined.
- We allowed full cancelation of coverage without additional underwriting, i.e. to pause or cancel policies at the customer’s request, with our commitment to reinstate the policy’s validity upon request. Once such a request was received, coverage was returned to its effect with premiums determined according to the remaining period.

## Integrating Responsibility in Investments

The Group's extensive activity in the field of investments is conducted by Harel Insurance's Investment Division, which manages the investment activities of the Group's insurance companies, its pension funds and provident funds, as well as by the Group's investment house - Harel Finance. Investment management activities are regulated by Israel's Regulation of Investment Advice, Investment Marketing and Investment Portfolio Management Law. All Group employees involved in investment management or investment marketing hold a portfolio management license or an investment marketing license. In addition, the activity is monitored by the Group's Board of Directors, which outlines the general investment policy. More about the role of the Board of Directors in investment management can be found in the chapter, "Ethics and Corporate Governance."

### **Harel Finance - An Investment House for a New Era**

In recent years, Harel Finance has demonstrated impressive growth, developed operations in new areas and achieved notable successes, leading the company to become one of the most prominent investment houses in the industry. In 2019, we were named as the "Growing Investment House of the Year." Today we are one of the leading companies in a wide variety of financial solutions in mutual funds, portfolio management, alternative and unique financial products such as tradable deposits and products managed through computerized models. For first time investors with relatively low capital, we launched Harel's "Digital Portfolio" - a new digital platform with an intuitive, user-friendly interface for capital market investments. The platform is currently in its pilot stages managed by Harel Finance Portfolio Management.

**Harel values the importance of enabling the general public to invest in accordance with the most advanced international standards, and to be a part of a growing trend of investments seeking both a financial return and an a socio-environmental impact.**

### **Responsible Investments**

There is a growing awareness among all investment personnel (analysts) to the importance of ESG factors in the investment review process and when issuing reports on investment risk and viability. In 2019-2020 we expanded our consideration of environmental, social and corporate governance issues (ESG) within our investment decision making process. We recognize the clear business rationale of implementing ESG

considerations as part of the investment risk management processes, supporting informed and appropriate investment decisions that will yield higher returns for our customers. We further recognize that our business activity can generate a real and profound impact on social and environmental issues. As a leading force in the Israeli economy, we are committed to integrating these insights in our operations. Harel's responsible investment policy is due to be published in 2022.

### **Promoting Responsible Investments among our Customers**

In 2019, Harel Finance declared its commitment to promote ESG principles through the Company's business operations. The process included meetings and interviews with leading European investment houses that promote the issue and defining the criteria for analyzing investments that will be included in dedicated mutual funds through the guidance of an external consulting company.

**During the year 2020, Harel Finance launched Israel's first of its kind, active mutual fund that operates in accordance with the most advanced, stringent ESG criteria.** In addition, the Company launched a Green Economy Fund and, in early 2021, the Company launched passive products that support the ESG trend, including the cleantech sector and the electric vehicle sector, while following the S&P indices.

Harel sees great importance in enabling the general public to invest in accordance with the world's most advanced standards, and to be part of a growing trend of investments that focus on a double bottom line, financial return alongside a social-environmental impact.

Harel's ESG fund allows the Israeli public to invest in an active selection of stocks that are managed responsibly in aspects of environment, social and governance. The majority of companies in which the fund invests align with the UN's sustainable development goals (SDGs) and thus an effective impact investment is created as well.

### **An ESG fund focused on foreign securities – certified by the “Clean Money” Forum**

This fund invests in foreign securities that meet environmental, social and corporate governance criteria. With its launch in December 2020, it was the first investment fund in Israel bound by prospectus to avoid investments in polluting entities and stocks related to the fossil fuel industry. As such, it is expected to be the first mutual fund offered by a leading investment company to be certified by the Clean Money Forum launched by the Israeli Union of Environmental NGOs.

### **A fund focused on green economy**

This fund invests in companies active in improving our quality of life, such as those engaged in the fields of green energy, waste and water recycling, sustainable transportation and more.

### **Harel Insurance Invests Responsibly**

#### **E: Green investments**

Through its investment arm, Harel invests in companies and projects focused on green energy, sustainable transportation, water and more, in a way that supports and promotes national environmental efforts. To

this end, Harel has invested in the Jerusalem light rail project, in a project for intercity public transportation routes and more. In addition, Harel is a member of the “Movilim” (Leaders) project – a joint venture with leading institutionals for a EUR125m investment in domestic and international renewable energy projects.

### **Investing in Clean Energy**

Through the course of the years 2019-2020, Harel’s rate of investment in green energy as a portion of total assets under management increased by hundreds of percent, amounting to NIS 7.1 billion over the last decade. Through its investment in this field, Harel supports and advances the national agenda led by the Ministry of Energy to increase the use of renewable energy resources to 30% by 2030.

Harel invests millions of shekels in Israeli green energy companies, including: EnergixGroup, Enlight Energy, SolarEdge and more, as well as in foreign companies abroad. Furthermore, Harel participates in the financing of green energy production projects in Israel, including the solar power plants in Ashalim and Tze’elim, Emek HaBacha wind energy farm and the Kokhav Hayarden (Jordan Star) pumped storage hydroelectric power station. Harel’s total investment in green energy projects enabled the production of 988.3MW.

#### **Harel’s investments in green energy projects enabled the production of: 988.3MW**

<b>Project</b>	<b>Type</b>	<b>MW production</b>
Ketura Sun	Solar Energy (PV)	40
Energix Ramat Hovav	Solar Energy (PV)	37.5
Shneur Tze’elim	Solar Energy (PV)	120
Ashalim	Solar Energy (PV)	42
Enlight Emek HaBacha	Wind Energy	108.8
PSP Pumped Storage	Pumped Storage Energy	300
Kokhav Hayarden	Pumped Storage Energy	340

### **NIS600m**

Harel invested nearly NIS600m (approximately 50% of total construction costs) in public housing projects, for the construction of 2,600 housing units at 17 locations around the country.

### **S: Social Investments**

Harel’s investments serve not only its policyholders but also the market as a whole, supporting economic growth.

- Public housing project - Harel is the main financier of public housing projects for the construction of low-rent housing units for the disadvantaged population including Holocaust survivors and the elderly, families

in need, new immigrants and the like. Harel has invested nearly NIS600m, approximately 50% of construction costs, in a project for the construction of 2,600 housing units at 17 locations around the country. The project is in collaboration with the Jewish Agency and government ministries such as the Ministry of Finance and the Ministry of Housing and Construction. The project helps curb the public housing crisis and fulfills a vital role by providing a hub for the community and a response to basic needs beyond just a place to live.

- Promoting SMEs - in 2020 the Company won the Ministry of Economy's tender to invest in the Giza Fund for the Development of Small Businesses in Israel. Harel is one of three founding members of the NIS500m fund (NIS250m invested by Harel), which is not open for additional investors.

### **Water Desalination**

We invest in the Palmachim Desalination Plant, which produces 90 million cubic meters of desalinated water annually. The desalination facilities in Israel play an important social role in creating an available source for drinking water consumption. The facilities produce approximately half of the country's drinking water supply, mitigating the water shortage in a country with a constant negative water balance (i.e. water consumption is higher than the average annual rainfall).

### **G: Investments in Light of Corporate Governance Evaluations**

We value the importance of investing our members' and policyholders' funds in corporations that uphold proper corporate governance, recognizing that corporate governance enhances control and oversight mechanisms in public companies. Therefore, we formulated a corporate governance policy in investments to guide the relevant parties at Harel in implementing corporate governance aspects in the framework of investment review and decision making.

The policy includes aspects such as the effectiveness and independence of the board of directors, corporate control and audit functions, transparency in stakeholders and controlling shareholders transactions and the regular convening of general meetings. In addition, Harel examines the potential companies' exposure to social and environmental risks.

**We value the importance of investing our members' and policyholders' funds in corporations that uphold proper corporate governance, recognizing that corporate governance enhances control and oversight mechanisms in public companies.**

## **Customer Service in the Spirit of Harel**

### **Our service values:**

- Personal care and attention
- Professionalism

- Integrity and respect
- Efficiency and availability
- Transparency
- Innovation

**We believe that the unique Harel standard of service has led us to a legacy of excellence, establishing our position as one of the Israeli consumer's preferred insurance and financial services providers.**

We are committed to providing our customers with the best possible service experience, while upholding the highest standard of service based on our service values. Our customers and their satisfaction are our top priorities and we ensure that every interaction with them is consistent with our ideals, always maintaining personal attention and giving our customers the feeling that Harel cares about their well-being. We believe that the unique Harel standard of service has led us to a legacy of excellence, establishing our position as one of the Israeli consumer's preferred insurance and financial services providers.

### **Transparency and Proactivity**

Transparency is an integral component of our service model as we identified its significance to our customers. We make sure our customers receive clear and comprehensive information through the various service interactions in a reliable and confidential manner. In many cases, the Company initiates the interaction, providing information and updates as needed based on our proactive approach to offer our customers a complete and anticipatory response.

### **Marketing Anchored in Fairness**

We are committed to fair and clear advertising when marketing our insurance products and financial services, and ascertain that our marketing sessions are in line with regulations and with our Code of Ethics as it relates to fair and professional business conduct. We ensure that all publications regarding the Group's activities, including comparative data against other entities, are reliable, accurate, fair and legally compliant. We are fully committed to the provisions of the law on the proper disclosure of information to customers regarding an insurance product or service.

### **"You may have insurance, but you don't have Harel"**

Our standard of service provides our customers with a consistent and reliable response, including assistance in a crisis or upon the occurrence of an insured event. In such cases, we simplify processes and help customers exercise their rights in accordance with the terms of their policy and service schedule, whenever they are in need of our service and guidance. In certain circumstances we exercise discretion, examine cases on an individual basis and not according to the standard criteria and provide payment and assistance beyond the letter of the law. This issue is reflected mainly in the field of health insurance when considering coverage for medication and surgical procedures.

### **Placing the Human Element at the Center – Our Service and Call Centers**

We value the importance of our call centers as a means of providing a personal and warm response. Our service representatives often constitute the customer's initial contact point with the Company and therefore hold the responsibility for providing the best possible response – both at the professional level by offering comprehensive, simple and clear information, and at the service level by maintaining a pleasant and courteous manner.

Harel operates several service centers, the largest of which is located in Petah Tikva. Our innovative service centers are staffed by skilled personnel and equipped with advanced technology. Along these, we employ the services of “BaBcom” and “Call Yachol” (see details in the chapter “Our Employees”).

### **Service Centers Mobilize during the COVID-19 Outbreak**

Almost overnight, our service centers made the large-scale transition to remote work without compromising our level of service and our ability to provide a satisfactory response to each and every customer. At the Customer Service Department we closely followed world developments and the response of our counterparts, and prepared in advance for a quick transition. We thus succeeded in maintaining full operational continuity for the benefit of our customers. Harel's technological infrastructure and the digital capabilities we established in recent years made for an optimal and seamless transition. Concurrently, we placed greater emphasis on the warm and personal response of our representatives during the pandemic. In a period characterized by many uncertainties and concerns, the human element became increasingly important. Our employees stepped up to the task, going above and beyond for our customers.

10 Service Centers – Health, pension, mutual funds, life, agents, non-life, dental, internet, travel, foreign residents 400 customer service representatives 79,352 WhatsApp messages in 2020

95% of calls are answered within 3 minutes, average call wait time is 2.5 minutes (improving on the maximum 5 minute wait time stipulated by law)

Total annual customer inquiries/contacts

2019	2,851,629	2020	3,073,817
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Average daily customer inquiries/calls

2019	10,524	2020	10,112
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### **21st Century Service Standards**

Technology is present in all areas of our lives and here at Harel we are mindful of our responsibility to meet customers' expectations and deliver a service experience tailored to their consumer habits. In addition, we strive to continuously improve the services provided to our agents. We recognize that an innovative service experience for customers and agents is essential in maintaining ongoing loyalty and trust. Therefore, we work to implement innovation in service by developing technological infrastructure



that enhances communication channels with Company representatives while concurrently promoting self-service options.

### **Enhancing Communication Channels**

We work to expand the communication channels available to our customers in an effort to increase availability, improve efficiency and save customers valuable time. Another social value is accessibility. By enhancing communication channels and adding digital options, we enable customers to contact us in the way most convenient to them and continue to follow up through the same communication channel chosen. Our service channels include: call centers (including a 24/7 emergency support), Service and Customer Division, Ombudsman Office, website, Email, fax, chat, WhatsApp, post and social networks.

### **Promoting Digital Innovation at Harel**

- **Ella the Digital Assistant** - A smart virtual assistant, powered by innovative artificial intelligence technology from IBM's Watson platform, helping provide digital customer service on Harel's website and on WhatsApp. Ella the Bot is able to offer customers in-depth and extensive responses and, if necessary, redirects complex inquiries to a human representative at Harel's customer service center.
- **WhatsApp** - We launched an additional communication channel via WhatsApp operated through our service centers, Ella, the virtual assistant, and through some of our professional units, including portfolio managers at Harel Finance. We aim to expand the WhatsApp service options by enabling the upload of documents.
- **IVR BOT (interactive voice response)** - A year in development, our call router was upgraded in 2020 to support speech interaction. The voice bot is the first and unique application of its kind in Israel, operating through an interactive voice response system (IVR) and based on an artificial intelligence interface. The IVR voicebot can route calls based on intuitive speech recognition providing maximum adaptability to the customer's voice without a need to select or press a key. This technology aims to minimize wait time through smart routing and significantly reduce forwarding time of stray calls.
- **Biometric recognition system** – Our call router's automated customer identification process optimizes the verification stage and eliminates customer identification questions. Verification is enabled by a numerical code sent to the customer's mobile device. Currently, approximately 55% of our customers use this method of identification.
- **DialMyApp** - Over 950 thousand customers have downloaded this app designed to facilitate a caller's digital engagement and navigate through a menu of services and options whenever a customer contacts our call center, providing an effective response in lieu of a service representative.

### **Creating Digital Platforms for Existing Services**

Harel invests considerable resources in a suite of digital experiences that empower customers and agents to perform self-service transactions with just a click, including purchasing products, filing claims, paying claims, receiving information and more.

- **Payments through Bit** – In 2019 we joined Bank Hapoalim to enable an option for claim payments and set-off payments (refunds) to Harel customers via the Bit P2P payment platform. This service, the first of its kind in Israel, allows a private customer to receive payment from a business through a payments app. The service is offered free of charge to all Group customers and enables them to receive payment directly to their bank account in a simple and convenient way.
- **Claim Digitization** – Through the course of 2019-2020 we have expanded our digital claim activity. Currently, the process can be performed in areas of car, health and property insurance, filing claims digitally and automatically, receiving approvals and accepting payments (through Bit). The claim digitization processes eliminates bureaucracy and allows customers to perform transactions with just a click.

#### Percentage of Digital Claims

	Car	Property	Health
% of digital claims	85%	50%	58%

#### Agent and Customer Satisfaction Rating is 6.5 out of 7

- ✓ “My claim was handled very quickly and efficiently! Thank you.”
  - ✓ “I was pleasantly surprised by the level of efficiency, simplicity and quick response.”
  - ✓ “Simply an out of this world experience. I received approval for my claim in less than 3 minutes.”
  - ✓ “Very simple, quick, no need to fax documents. This is the first time I’ve filed a claim and it took less time than I thought. I hope I’ll never need it again but if I do I’m glad it’s simple and not frustrating. Thank you.”
  - ✓ “This standard of efficient service is hardly seen in Israel. I hope others will follow suit.”
  - ✓ Zohar Sakal – “I never felt the need to share my Bit transactions, but today, after receiving a NIS750 payment from Harel Insurance (!) after filing a claim on Monday morning (!! ) through their internet portal (!!!), I just had to share this marvel with the world.”
- 
- **Harel Travel Insurance App** – In 2020 we launched the Harel Travel Insurance mobile application featuring a comprehensive way for travelers to purchase and manage their travel protection plan at every stage of their trip. The process is completely digital, beginning with a dedicated link sent to the customer by our agents. Payment is possible through the Bit app and, if needed, local emergency centers, clinics and doctors can be contacted through the app and calls can be made to doctors in Israel.
  - **Harel Switch App** - In 2019 we launched a mobile application to supplement the Harel Switch car insurance policy (detailed in the chapter: “Environment and Sustainability”). The app allows real time tracking of the distance the vehicle has traveled and the expected premium payment due at the end of the month, as well as enabling the customer to set a monthly target for payment and driving distance. Furthermore, the app, along with a device installed in the vehicle, allows us to

identify accidents in real time, contact our policyholders and assist them in case of emergency. The Switch app was ranked first among comparable apps offered by other companies.

- **Online Personalized Medicine** - In 2020 we launched an online medical consultation service. The service is available within 30 minutes to 24 hours from the time of request, depending on the medical issue concerned. If necessary, Harel exclusively offers follow-up treatments in primary care clinics without the need for a registration procedure or a deductible payment. In addition, the service enables customers to receive online prescriptions and forward them directly to the local pharmacy.
- **Customer Portal** – Harel's customer portal contains all the information necessary for our customers and enables them to perform a range of tasks through the website and their personal account. Customers can take out new policies in various categories or amend existing ones, print reports and other documents, make payments, etc.

### **Our Agents are our Brand - Improving the Services We Offer our Agents**

Insurance agents maintain regular contact with our customers and thus serve as Harel's "brand representatives." We believe that satisfied agents lead to satisfied customers and therefore we do our utmost to promote agent satisfaction and provide them with the best possible service. We strive to empower our agents through annual professional training, skills development and improved service channels.

In addition, the digitization processes implemented across Group operations are also designed to improve services offered to agents. We enable access to digital tools for the development of digital capabilities that support "smart sales" by enhancing the automation of sales and enrollment processes. These capabilities were particularly useful during the COVID-19 outbreak when face-to-face interactions were restricted. Agents' satisfaction was found to be very high during the pandemic as they noted the convenience and ease of working with Harel.

In 2020 we launched a new agents portal that incorporates all principal agent activities in a more user-friendly and convenient interface. Furthermore, the WhatsApp service we developed is accessible to our agents as well and a dedicated chat is available for overseas travel allowing agents to correspond with our travel service center. Alongside these, we continued operating our agents and employers hotline which provides service to an average 1,600 calls per day.

### **Keeping our Finger on the Pulse – Managing Service and Customer Experience**

At Harel we keep our finger on the pulse of our customer service channels to continually manage, measure and assess their effectiveness across all levels of the Group. To this end, we use advanced technologies for data collection, lessons learned and optimizing work processes and interfaces with customers. Concurrently, we assess customer service quality and customer satisfaction through internal mechanisms alongside the external service metrics of the Ministry of Finance's Capital Market Authority, Insurance and

Savings. We believe that combining variable and invariable aspects will maximize our efforts and optimize customer experience.

### **Investing in Customer Relations**

The Service Division and the Customer Experience Department within the Digital Division work together in implementing advanced technologies, big data and artificial intelligence in order to provide personalized service to each customer. In 2020 Harel began a process for implementing an advanced platform by Salesforce. Harel is the first company in Israel to implement the system in its entirety and as such the project's integration was closely supervised by the Global Salesforce team. The system provides a holistic approach to marketing, sales and service, allowing us to surface Company's data in order to deliver intelligent insights regarding our customers' needs and optimize the service we offer each customer. In addition, we implemented a new and improved CRM system to manage customer relations using data collected from our digital interfaces and analyze it in an effort to better understand customers' needs. Moreover, we conduct customer journey analysis for ongoing service improvement.

### **Every Improvement Begins with Measurement and Evaluation**

Measurement is a preliminary and necessary step in any improvement process, which is why we invest in the development of internal mechanisms for measuring and evaluating the customer experience, in addition to the standard regulatory mechanisms.

1. **Customer Satisfaction Surveys** - We proactively send satisfaction surveys and feedback forms via text messages to every customer who contacts us. During 2020 the surveys were updated - expanding the rating scale, enabling general comments, changing phrasing and more, in order to obtain clearer, more useful information from customers and help us understand their needs and concerns. A low-rated survey is forwarded directly to a service representative who is required to follow-up with the customer as well as to a supervisor who is required to investigate the incident. In addition, all surveys are analyzed and conclusions are drawn on an ongoing basis in an effort to improve both service and work processes. For example, currently we are changing the loan application process as a result of feedback received from the surveys. In 2019 we began sending satisfaction surveys to agents as well.

Average Customer Satisfaction 2019 – 8.5, 2020 - 9.5

Number of Customer Surveys 2019 – 55,995 2020 – 40,701

2. **Brand Trust Survey** - In 2019 we initiated a survey conducted through an external research company to assess the public perception of the Group and our brand. The survey, which included customers of various different insurance companies, demonstrated that Harel's public perception is the highest, by a wide margin. Among the parameters measured: providing a sense of security, offering unique advantages, digitally advanced, providing quality service, responding quickly to claims, professional and an expert in its field, etc. **According to the survey findings, the public considers Harel a reliable, responsible, secure and fair company.**

3. **The Ministry of Finance's Service Index** – An annual ranking of insurance companies according to the level of service they provide in each product category. Among the parameters examined: percentage of claims approved and paid and handling speed, customer satisfaction and recommendation, number of justified complaints filed against the company, human representative response speed. For the years 2019-2020 Harel has been ranked third on the index.
4. **Capital Market Authority Solidarity Index** - In 2020, the Capital Market, Insurance and Savings Authority initiated an index to evaluate insurance companies' level of solidarity in the field of car insurance catering to over 9.2 million policyholders. The index examined the extent to which the insurance companies gave consideration to their customers in three categories: general financial benefits (accounting for 50% of the index score), benefits in new policies (accounting for 25% of the score) and benefits in existing policies (accounting for 25% of the score). Harel was ranked first among the country's insurance companies with a score of 6.25.
5. **Chamber of Insurance Agents Satisfaction Surveys** - In 2020, the Chamber of Insurance Agents conducted a survey to rank agents' satisfaction with insurance companies and the quality of service they receive from them. Harel was ranked second with the parameters evaluated including: receipt and deposit of funds, loan receipt, redemptions, response efficiency and remuneration transparency.

### **Promoting Dialogue - Enhancing Engagement and Trust**

We believe in an ongoing dialogue with our customers, insurance agencies and agents as a means of establishing good relationships, strengthening mutual trust and developing a better understanding of their needs. Thus, we review all inquiries and concerns raised through the various communication channels and assess them in order to draw practical insights and conclusions. We believe that a customer who contacts us with comments and feedback regarding services received, is a committed customer that we would like to retain.

In addition, we invest in the development of content channels for customers, agents and the general public in order to strengthen our relationship with them.

- In 2020, we launched an economic podcast called "Alabama?" hosted by Harel's Head of Economics and Research Division together with Red Orbach, lead singer of the band Redband. The weekly podcast discusses current macroeconomic topics with the aim of conveying them in a light and engaging way, while providing added value to our listeners and the Group's customers.
- In 2020, Harel Insurance and Finance launched a dedicated telegram channel through which employees provide a real-time update of developments in the financial markets, the economy and the capital market. Our Telegram channel allows for an innovative way to communicate with various customer sectors - investment advisers, agents and private customers and has over 7,000 followers.

### **Exceptional Service Starts from Within**

We believe that exceptional customer service starts from within and therefore we invest in the employee experience of our customer service representatives. To that end, we support the development and empowerment of our employees, ensure a proper work-life balance, provide professional tools, hold a variety of team-building and wellness activities, etc. We place a great emphasis on creating a pleasant work environment through spacious and comfortable work areas and common spaces. All these help us improve the employee experience and create a sense of bonding, belonging and team pride.

**Over the years 2019-2020, the turnover rate in our customer service centers decreased by 13%.**

We invest considerable effort in employee retention across our customer service centers by transforming the role of the service representative into a profession. We establish intra-organizational development and promotion tracks through which employees can continue their professional path within the Group in various positions. In addition, in 2020 we invested in promoting the work-life balance of our employees with the understanding that work at the call center can be draining. As such, we decided to keep the centers open until 4pm with one emergency hotline operating 24/7 while encouraging the use of our digital services that provide comprehensive solutions to our customers. Furthermore, we provided training for empowering parents and tools for work/home time management during the Coronavirus outbreak. As a result of our significant retention measures, 50% of Harel's customer representatives are older and parents to children, a significantly higher portion in relation to other companies, with a year-over-year decrease in employee turnover rates. Through the years 2019-2020, the turnover rate in our customer service centers decreased by 13%.

### **Training and Development**

We invest in long and comprehensive training programs for the service representatives working at our call centers, as well as in various instruction sessions, workshops and refresher courses throughout the year. In 2019 we established a new position - Skills and Services Coordinator – responsible for implementing and maintaining service competence among our representatives.

This year we launched the “4 Cs of Service” designed to align and create uniformity across all our service centers. To this end, we launched a campaign that included branded products, kits and workshops. Our service principles are integrated across all our service related operations – both in our representative service calls and in our feedback surveys and forms.

Integrating service culture principles within the organization:

- **A series of 4 orientation workshops for new service representatives** – Workshops for the development of a service approach aligned with our values and practice of techniques and skills for effective discourse. In addition, existing representatives participate in a quarterly workshop to refresh and refine service standards as well as to raise employee motivation to provide the best possible service to our customers.

- **Mentoring Program** - Our flagship training program where long-time employees mentor and provide professional support to new employees. Mentors accepted to the program undergo a dedicated course that allows them to improve the onboarding process of new staff members while enhancing their own motivation and professionalism.
- **Written Communication Workshops** - As a way to promote the Group's digital transformation and along with the creation of additional written communication channels, we have initiated a dedicated workshop for customer service based on written communication – conveying messages, transforming spoken language into written, service oriented language and more.
- **Management Training Programs** - In 2019 we launched a training program designed for all members of management, from shift supervisor level and above. Every two weeks, managers meet for a “training session” to improve their management and service skills.
- **Personal Training** - At the onset of COVID-19, when all new recruitments were postponed, we took the opportunity to offer personal training sessions for our current service representatives.

#### **The 4 Cs for Customer Service Interactions**

Closeness – Establish closeness through a pleasant tone of voice, positive energies and a personal introduction

Clarification – Clarify the reason and need behind the customer's inquiry through documentation, becoming familiar with the customer's history and clearly conveying information to the customer

Communication – Communicate the problem and promote various solutions

Conclusion – Ensure understanding and manage expectations

#### **Training Hours**

2019 – 44,237

2020 – 44,859

## OUR EMPLOYEES

### The Harel Family

#### **Our Success Lies in our People**

Harel's employees are all different and diverse, yet they all have one thing in common - they are "team players" - caring, professional and giving their utmost for the success of the Company. Our employees are a core strategic asset and our most important resource for resilience and success. Thus, we focus on our employees and invest significant resources in their professional and personal development, in a comprehensive and diverse welfare plan, in listening and empowering them.

It is important to us that our employees are happy to arrive at work every morning. With that in mind, we aim to create a pleasant, caring, diverse, inclusive and enabling work environment. The family atmosphere created at Harel provides our employees with opportunities for growth and development.

This chapter will detail Harel's commitment to our employees and the work environment and will present relevant data concerning this topic. It is important to note that some issues will relate to a particular company within the Group, depending on the relevance of the issue to the company. In such cases the company's name will be stated explicitly.

As of 2020, Harel employed 4,461 people hailing from all across the country, from different age groups and sectors, including employees with disabilities.

#### **Supporting our Employees During the COVID-19 Pandemic**

The outbreak of the COVID-19 pandemic in late 2019 posed numerous challenges, impacting individuals and businesses alike. Harel seized every opportunity to support the Company's employees during this period, while protecting the Company's operations. We take the time to share with our employees the preventive measure we have taken and respond to employee needs as they arise, all the while maintaining our core values and prioritizing the health of our employees.

- Approximately 15% of the Company's employees were placed on a short furlough. Each received a NIS5,000 grant to support them through the difficult period and the Passover holiday celebrated at that time.



- It was determined to maintain all employment benefits such as health insurance and social provisions for employees on furlough, with the Company undertaking to ensure employees receive unemployment benefits as entitled.
- As a means of contending with the impact of COVID-19 on our business, it was determined to decrease from the base pay of Company executives.
- Company employees received additional paid leave with almost all transitioning to remote work.
- Approximately 200 employees were laid off in a carefully planned process and in compliance with all legal provisions. The process was conducted properly, respectfully and provided fair compensation.
- Temporary workers whose scope of work was impacted were laid off and their tasks were assigned to Company employees whose scope of work was affected.
- In an effort to provide our employees with personal and emotional support, we distributed kits and recommendations to bolster personal and team motivation and established a dedicated digital portal with content such as information, tips, videos, and leisure activities.

## Diversity, Inclusiveness and Equal Opportunity

Israeli society is a diverse mosaic of populations and we at Harel see this as an advantage and an opportunity. Employing men and women from all segments of society enhances our organizational performance, fosters innovation and creativity and allows us to benefit from diverse opinions, skills and abilities. No less important, diverse employment contributes to the Israeli economy and promotes equal opportunities and social justice.

In addition to Group employees, we employed 299 outsourced vocational workers in 2019 and 377 outsourced vocational workers in 2020.

In 2019, 35 outsourced workers became full-time Harel employees, whereas in 2020, this number increased and 59 outsourced workers became Company employees.

Outsourced workers recruited as Company employees: 2019 – 35, 2020 - 59

### Our Strongest Gender - Women at Harel

**Women account for 70% of all Harel Group employees and managers.** Yet a numerical advantage is not enough and we recognize the importance of integrating women in key positions and at executive levels as we remain committed to gender equality and promote this value across our organization.

In recent years there is a clear trend towards gender balance at Harel. This trend is growing as we promote women in succession planning (currently there is a growing number of women in junior/middle management levels who will be promoted to senior management in the upcoming years). We are pleased to see our efforts bearing fruition and are proud of the significant share of women in leadership positions at Harel as evidenced by the fact that in 2019-2020 women accounted for over 60% of Company management.

### A Meeting of Generations, a Meeting of Minds - Age Diversity at Harel

At Harel, age is not a consideration in the recruitment of new employees, and we regularly hire employees aged 45 and older. Our teams are an extraordinary gathering of different generations and ages enabling a productive and diverse discourse of different perspectives, experience and knowledge working together to foster creativity and innovation. **The average age among the Group's employees is 37.92 years.**

Distribution of Employees by Gender, 2020: Women – 70%, Men – 30%

Distribution of Employees by Age Group, 2019-2020

	2019	2020
Over 50	649	618
30-50	2,646	2,606
30 and under	1,359	1,237

### **Harel is Accessible to Everyone – Integrating People with Disabilities in the Workplace**

We strive to empower the integration of people with disabilities within the Group. In this context we ensure the accessibility of Company's facilities, buildings, Company events and conferences, as well as hold dedicated training sessions and promote collaborations with organizations devoted to this cause.

In 2020, Harel joined the Valuable 500 initiative, a collective of 500 multinational companies dedicated to promote disability inclusion and accessibility.

As of the year 2020, Harel employed 140 employees with disabilities, accounting for approximately 3% of all Company staff.

### **International Day for Equal Rights for Persons with Disabilities**

On December 3<sup>rd</sup>, 2020 we chose to mark with our employees the International Day for Equal Rights for Persons with Disabilities. During the work day, all employees participated in unique workshops that demonstrate the challenges that people with disabilities face in real life situations, giving employees the opportunity to experience just a small part of what a person with a disability may feel. For example, a sign language workshop conducted by the Access Israel Association. On this day, our employees received messages promoting equality and inclusiveness and listened to fellow employees facing a disability who presented their personal story. In addition, throughout the month of December, employees participated in hands-on accessibility training in cooperation with the Access Israel Association in order to enable Group employees to provide better service to our customers and agents, as well as to strengthen their social bonds.

We maintain regular contact with agencies that promote the employment of people with disabilities. In 2020 we recruited 3 new employees on the autistic spectrum. In addition to the standard benefits received by all employees, Harel provides our disabled employees with the personal guidance of an in-house social worker who assists with professional and personal matters such as applying for Social Security benefits.

### **Able and Ready – Persons with Disabilities at the Focus of our Efforts**

For over seven years we have collaborated with the Call Yachol Organization, an employment agency that enables the integration of people with disabilities in the business environment. Our call center integrates 45 employees with various disabilities.

(Additional details regarding our collaboration with Call Yachol can be found in Harel's Corporate Responsibility Report for 2017-2018.)

### **Harel as a Workplace for Everyone - Integration of Underemployed Populations**

We strive to diversify our workforce from among populations currently excluded from the labor market such as Arabs and orthodox Jews. Our efforts, focused on collaborations with specialized placement and recruitment agencies such as Manpower Beresheet, and with organizations for the advancement of Arab academics, local municipalities and other entities in order to expand our recruitment sources. We believe that in the coming years we will reap the rewards of our efforts and succeed in integrating a growing amount of employees from underemployed populations. We employ the services of BaBcom that provides Harel with a call center for Arabic-speaking customers. In 2018, we expanded our cooperation with the company, with additional call centers in the cities of Migdal Haemek and Yeruham, where Bedouin and Jews work side by side. In 2020, ultra-Orthodox employees accounted for 7.8% of Harel's staff compared with 3.2% in 2019.

### **A Rainbow of Diversity**

Harel is a truly inclusive workplace in every sense of the word. In every department you can see a colorful and diverse array of employees from all walks of life, ethnicities and beliefs, including employees from the LGBT community.

During Pride Month, celebrated in June 2020, we launched the "Pride and Family" project as a way to become acquainted with some of the Company's employees representing the LGBT community.

"I feel that, first and foremost, Harel sees the individual, their skills and professional abilities. Harel is a very inclusive company with a diverse employee base representing the majority of the country's population."

- Mati Kalman, Director of Control and Compliance in the Assisted Care, Life and Personal Injury Claims Department in the Dikla Division, 12 years at Harel

"I've been working at Harel for almost twenty years, during a time when this subject was seldom discussed in the open, or even dealt with at the logistical level. For example, when I was first hired, my onboarding forms were based on gender-specific terms, asking about a husband/wife, but not about a woman's spouse or a husband's spouse. It was quite logistically complex, but Harel went out of their way to assist me, and today the forms are inclusive with a dedicated section for same-sex couples."

- Sarit Krystal-Elberg, Director of the Imaging Department, Finance and Resources Division, 19 years at Harel

### **It's their Right - Employee Rights at Harel**

We are committed to upholding the rights of our employees, in accordance with the law and all relevant agreements, through supervision, control and periodic assessments that we conduct.

No cases of discrimination have been reported in the Company during the years 2019-2020.

### **Employee Recruitment and Retention**

#### **Recruiting the Best for our Company**

Harel recruits candidates who meet the conditions and requirements defined for each position, without bias or discrimination on the basis of nationality, religion, ethnicity, sexual orientation, gender, age or any other non-material characteristic. Our recruitment department has implemented a technological tool ("RedMatch") for managing candidate databases, tailored to the needs of our organization and supporting the entire recruitment process.

In 2020, due to constraints brought on by the pandemic, most of the recruitment process was conducted online. This change significantly improved the candidates' experience, as they were given the option to hold the job interview in person or, alternatively, to conduct it remotely. In addition, the assessments previously conducted as part of a full day of interviews and exams was also delivered digitally, in a more flexible and convenient manner for our candidates.

In our constant effort to improve, we created a questionnaire designed for candidates who decided to withdraw their application. The questionnaire allows us to learn if anything throughout the candidate's experience brought them to withdraw their application. By virtue of these questionnaires, we added special perks for our candidates during the interview process, for example, we included a voucher for a coffee and pastry, shifted to an online questionnaire and shortened the assessment exams. For the candidates' convenience the questionnaire is distributed through WhatsApp and those who respond receive an incentive.

#### **Onboarding - Welcome to Harel**

The onboarding process in Harel includes a personal mentor assigned to every new employee in the organization. The mentors assist in professional training, promote social interactions and mediate the organizational culture. New hires at Harel Insurance participate in an orientation day, where they are introduced to the Company's areas of operation and learn about the organizational structure and work procedures. In addition, we encourage new employees to participate in online tutorials available on the organizational portal.

#### **Starting Salary**

Harel's commitment to our employees is further reflected in our wage and remuneration policy. As of December 2019, the Group's minimum starting wage is 10.4% higher than the national minimum wage.

### **Promotion Starts from Within**

We believe in our employees, consider them valuable human capital and strive to empower and promote them to managerial positions. Internal vacancies are published and offered to employees with at least a two year's seniority in the Company. For more details on the subject, see the chapter "Training and Development."

The percentage of positions filled from among the Company's employees was approximately 85% in 2019 and 90% in 2020.

10.4% above the national minimum wage

Managers promoted from within:

2020: men 54, women 77

2019: men 46, women 80

### **Working Together – Employee Retention**

Employee satisfaction and strong sense of belonging are reflected in Harel's low turnover rates and the number of employees who remain part of the Harel family for years. We believe that employee retention is best achieved through fair treatment, a pleasant work environment, concern for the well-being of our employees and a response to their needs, development and empowerment. We are pleased to note that employee turnover rate for 2019 was relatively low at 19%, remaining unchanged as of October 2020, excluding turnover rates at the call centers as is customary in this field. We invest significant effort in retaining our call centers employees, as several development tracks within Harel begin at the service division with approximately 25 employees from the service centers promoted to positions across the Group every year.

### **Support Through the Path Ahead – Employee Sendoffs**

In 2019 we established a process whereas every employee who leaves Harel receives a professional sendoff package to guide them back to the path of employment. There are 3 different levels of packages, depending on the employee's seniority:

1. Employees with less than a year's seniority - receive a digital kit consisting of guidelines for preparing a resume, job interview readiness and a career profile assessment from the Adam Milo placement consulting company.

2. Employees with 1-15 years' seniority - receive a package consisting of 3 meetings with an employment consultant, a career assessment day, in-person job interview readiness session, an introductory course to LinkedIn, and additional support on the path to employment.
3. Employees with over 15 years' seniority - receive an extensive mentoring process from a consultant of the employee's choosing, and active assistance in finding work.

Harel maintains continuous contact with former employees and connects them with suitable positions in organizations and with potential employers. A significant portion of Harel's former employees benefited from our sendoff packages and found their next place of employment.

### **Employment Terms**

Employees employed under a permanent contract: 2020 – 96.5%, 2019 – 96.3%

Employees employed under a temporary contract: 2020 – 3.5%, 2019 – 3.7%

### **Employee Seniority**

Over 30 years, 21-30 years, 16-20 years, 11-15 years, 6-10 years, 3-5 years, 2 years and under

## Training and Development

### Continuous Learning – Harel's Training Programs

Harel Insurance institutes a corporate training array for all Group companies, offering cross-organizational training programs along with dedicated solutions specific to each business unit and its needs.

Each year, Harel Insurance sets an annual training program aligned with the Group's work plans and business objectives. The program consists of employee training and development in subjects such as: familiarity with new products, new regulations in the field, orientation in new/changing work processes, training in the use of core systems, skill improvement workshops to enhance job performance, executive training, etc. In addition, the Company develops tools for training and mentoring new employees, which include courseware and orientation programs. Along these, the Company conducts a wide range of activities for personal enrichment and development. Furthermore, Harel Insurance collaborates with colleges and other academic institutions in offering courses in the field of insurance and a BA degree in insurance. Similarly, Group companies operating in the capital markets sector, provide their employees with regular training regarding professional procedures and relevant regulations.

We are witness to the development of our employees over their career and recognize the need to adapt skills and competencies to the ever-changing professional world, thus we implement a strategy of Life-Long Learning.

In light of the changing work environment that has shifted towards information consumption and digital learning, we introduced a customized and up-to-date learning approach in 2019, focusing on digital learning, personal development, individualized options, and ongoing learning, all though the integration of innovative training methodologies. This approach entails numerous business opportunities, including the agility of response to a dynamic business reality, saving resources, support for our management in the development and retention of employees, etc.

In 2019, Harel allocated 97,921 training hours, while in 2020, due to the outbreak of COVID-19, 65,770 training and development hours were conducted – an annual average of ~15 training hours per employee.

### Employee and Management Training - Personal and Professional Growth



In an effort to develop and enhance our employees and management to their full potential, we provide an annual development program offering various enrichment courses focused on the individual, the family and the professional world. The program includes workshops and lectures on topics such as interpersonal communication, emotional intelligence, body language and more.

We hold workshops and courses to develop the professional skills of our employees and provide them with tools that will serve them both in their role in the organization and in future roles. In addition, we offer organizational mentoring programs, coaching and mentoring options for our junior managers and for managers who require assistance in addressing specific challenges.

### **Training During COVID-19**

Following the wake of COVID-19, many of our training programs and activities have transitioned to an online or hybrid model in which some activities took place in-person and others were conducted in a virtual environment. In ensuring a smooth transition, we conducted appropriate training for our service representatives and made additional adjustments such as setting up classes for recording distance-learning sessions, converting traditional training courses to an online format, developing and adapting learning materials from videos to presentations, developing courseware and online training tools in combination with self-learning, training a team of remote learning coordinators, and implementing MS Teams software through training, communication and guidance.

**97,921** training and development hours in 2019

while in 2020, due to the outbreak of COVID-19, a total of 65,770 training and development hours were conducted – an annual average of ~15 training hours per employee.

**Employee Training** – Training programs at each business unit address various issues including professional instruction in the specific field of operation, meeting business objectives, new regulations in the field, internal enforcement program, improving interfaces among the company units and additional instruction (computing tools, service, mid-management skills, etc.). Furthermore, we offer a unique training program for pension advisor license holders designed to advance employees who wish to work in marketing or customer retention, a training program for academics with no experience for the role of business underwriters, and external courses in the field of data analysis. In addition, our employees participate in various voluntary learning activities suggested by the employees themselves.

Every year we offer a variety of enrichment programs in several categories: skills for the current business world, trends for the professional future and improving the implementation of digital tools.

In 2019 we conducted a wide-range of training, instruction and workshops for the development of life skills, including a creative thinking workshop, effective self-management, communication styles, express

mediation, storytelling and public speaking, creating an effective presentation, conveying messages effectively, interviewing skills, MS Office training and more.

Through the course of 2020 we focused on the latest skills and competencies required in the business world through online courses in NLP, smartphone skills, networking for self-branding, creative thinking, mental resilience in a changing reality, personal development in the professional world and more. We further provided our employees with online courses on positive psychology, effective writing, negotiation skills, communication styles, time management, creating effective presentations, and Knowledge Master – highlights from the world of insurance.

Over 100 employees participated in the Jerusalem Post Lite Talk program, offering English language conversational skills training over the telephone. We offered additional courses for any employees who wished to improve their English.

**Management Training** - As part of the management skills development program at Harel Insurance, we conduct regular management training for team leaders and department managers. Training objectives include formulating a managerial approach, supporting the improvement of relevant management skills and providing tools for successfully facing organizational, business and regulatory challenges.

Management training includes academic studies, which are recognized towards an academic degree.

#### **Investing in our Management Team – Management Development at Harel**

As part of the Company's management development, we provide managers with consultations, guidance and training (employee evaluation, pulse surveys to evaluate engagement) and employee mobility. Each activity is followed by a feedback form as we aim for a minimum score of 4 out of 5 in our managers' satisfaction.

In 2019 we focused on the development of our department heads. The concept focused on exposing managers to different management approaches and global trends with an emphasis on performance in a challenging world. The program included a series of external lecturers and ODT (Outdoor Training). The program was launched in early 2019, but not completed due to the outbreak of COVID-19. As a result, our focus shifted to preparing managers for the challenges of remote management through the launch of a new system that allows to manage, document and distribute digital material.

#### **An Introduction to "Smart"**

The Smart system is the organizational training management system at Harel. Smart makes it possible to manage the entire training process in one defined, shared and accessible space, anytime and anywhere, in accordance with the needs of the employee or manager. The system allows employees to register for courses and activities and monitor task completion.

We strive to offer training programs that address specific requirements as suggested by our management, on topics such as a new products, work processes, regulations, etc. We create solutions to meet the needs and provide support throughout the training process. Satisfaction surveys are distributed at the

conclusion of the process as a means to measure the quality of learning and determine future improvements. For particularly large projects, field tests are also conducted to evaluate how learning has affected business results.

**In 2019 we focused on the development of our department heads. The concept focused on exposing managers to different management approaches and global trends with an emphasis on performance in a challenging world.**

### **Harel's Champions**

The Harel Champions Community was established in late 2019 with the aim of driving the Company forward. The community consists of female and male employees, veterans and newcomers, from various departments and divisions, who have been selected by the division managers as suitable for the position. The community members serve as Harel's ambassadors of intra-organizational communication and technology. Community members received comprehensive training and participate in ongoing training, with a variety of lectures and workshops by prominent experts on digital transformation, innovative thinking, image use in social networks, self-branding, content writing, etc. Each and every one of the community members serves as a Key Opinion Leader and in doing so they help transform Harel into a more technological, advanced and influential company. As of the date of this report, the community includes 35 members and we are currently in the process of expanding its membership and enhancing its engagement throughout the year.

### **Harel is Stepping Up on LinkedIn**

In 2020, we began the process of upgrading Harel's official LinkedIn page, with the goal of positioning ourselves as an innovative company operating in a technological environment, producing meaningful, original and interesting content while increasing exposure and strengthening our digital image, as well as creating an infrastructure based on the people in our organization. This process contributes to organizational loyalty, employer branding, recruiting and retaining employees and increasing the pool of recruitment candidates. Our upgraded LinkedIn page was launched in 2021.

The upgrade was executed in two stages - the first was selecting a team of 50 LinkedIn ambassadors from among all divisions, entrusted with posting evocative content in order to increase Harel's exposure to job seekers. The second stage included promoting the skills of these employees through participation in workshops for maximizing their LinkedIn profile.

### **Drawing Positive Conclusions from the COVID-19 Pandemic**

Some of the changes forced upon us by the pandemic including the transition from frontal instruction to the virtual medium, have been found to carry numerous benefits and offer flexibility and efficiency in training while reducing time and costs. Thus, we decided to preserve the model going forward. One of the benefits we emphasized to our management is the ability "to walk the talk" – to lead by example through both words and actions. For example, instead of a lecture on innovation, we held a virtual workshop that imparts the subject in more practical ways.

## Dialogue and Communication Channels

**85%** of our employees participated in the Company's annual evaluation and feedback process

### **Let's Talk About It – Dialogue with our Employees**

At Harel we believe in transparency, mutual respect, open communication and an ongoing dialogue with everyone, especially with our employees. Over the years we recognized that our open and family-like organizational culture creates a sense of belonging, promotes organizational identification and strengthens bonds and morale. Harel's management adheres to an "open door" policy and is always willing to discuss employee ideas or suggestions for improvement.

Dialogue with our employees is conducted through ongoing feedback, personal assessments between employees and managers at all levels, internal satisfaction surveys, as well as through a comments and suggestions box entrusted to the Group's ethics supervisor. The corporate portal serves as an additional platform for productive employee engagement and dialogue.

### **We Have a Touch for Communications – The "Touch" System**

The "Touch" system was launched in 2020 as a two-way corporate communication channel and a professional portal for the Company's employees. The system addresses all employee needs, providing accessible and convenient information. "Touch" offers information on employee rights, welfare, troubleshooting, etc. in an accessible manner and a user-friendly, everyday language. In addition, the platform is used for ongoing business updates such as news, surveys and launches of new products and events. The "Touch" system promotes open dialogue in the organization and serves as a tool for strengthening employee engagement and improving the employee experience.

Throughout the pandemic we worked to reinforce our contact with employees, through text messages, personal emails and the introduction of an employee hotline. The hotline responded to hundreds of inquiries per day and served as a central means of communication for Company employees.

### **Praising and Appraising - Employee Feedback and Evaluation**

The feedback and evaluation process is a significant element in employee development and empowerment and employee retention in the Company. Manager and employee feedback and individual evaluations are regularly performed at Harel on an annual basis. We ensure that the feedback is reciprocal, with Group managers listening to their teams and drawing conclusions that can be implemented within our operational processes.

In 2019, the annual evaluation process was conducted as scheduled, with managers assessing their teams for their performance, setting objectives and providing effective feedback.

## **Open and Honest**

In 2020, in wake of the COVID-19 crisis and the operational and emotional challenges it presented, it was determined to change Harel's evaluation process and rename it an "Open and Honest Dialogue." The process focused on a combination of positive psychology (emphasizing success and achievements) and a developmental approach, which viewed our response to the pandemic as a foundation for learning about competences and challenges in the changing business world. Employees and managers both reported a high rate of satisfaction with this change.

**In 2019 and 2020, 90% of Harel Insurance employees received regular performance evaluations.**

## **Managing the Field**

Managers across all levels of the Group take the time to personally meet with employees and listen to their concerns. The CEOs of the Group's subsidiaries as well as the Group's CEO visit the various departments and units, hold regular meetings with employees, as well as meet with the participants of our executive training programs.

## **Well-Being at Harel**

- Company-wide wellness days / corporate retreats
- Newborn gifts
- Special celebration gifts
- Seniority gifts
- Army recruitment, graduation gifts
- Mourning of a loved one package and support for ailing employees
- Birthdays
- Weight Watchers
- Harel Family Portal
- First grade at school gifts
- Holiday celebrations and gifts
- Vaccinations
- Managers' fund
- Workshops and courses
- Commemoration of special days

## **A Breath of Well-Being**

The well-being activities we offer at Harel are our way of showing our employees that we value them and their families. Every year we strive to update and improve the well-being and benefit program provided to our employees.

Owing in part to our well-being policy, in 2019 Harel was selected among the “100 Best Companies to Work For in Israel” by BDI Coface and TheMarker, and in 2020 it was selected as one of the best companies to work for among financial sector companies.

The well-being and benefit program for Harel employees includes, among other benefits: health insurance, study fund contributions, free pension insurance consultations, retirement and financial planning, company car and mobile phone even during reserve duty or maternity leave, gifts for holidays and special events, gifts and compensation for long-time employees, consumer club membership and more. (Further details can be found in our previous reports).

## **Well-Being During the COVID-19 Pandemic**

Throughout the pandemic we shifted our activities in response to the circumstances of the period. Employees were invited to participate in lectures and enrichment courses in various topics, such as how to manage working from home as a parent, and also received financial benefits and loans when needed. We further offered our employees the opportunity to apply and receive assistance in a variety of areas:

- **Emotional/mental support center** for company employees providing therapeutic support services by a specialized company, available 24/7.
- **“Open and Honest”** videos for employees and managers - dialogues featuring Yoram Avraham and Dr. Iris Reitzes with recommendations, tips and advice for remote work and hybrid management.
- **Professor Ardon Rubinstein** - Answering questions related to the Ministry of Health guidelines.
- **Dr. Iris Reitzes** - Answering questions related to mental resilience during challenging circumstances.

## **Special Benefits During the COVID-19 Pandemic**

In an effort to build company morale throughout this period, we offered various incentives to improve our staff's mood and bring joy to their families. For example, on Rosh Hashanah we held a virtual toast that included a live music performance; upon returning to work after the lockdown, employees were welcomed with a “sweet moment” of ice cream, a cake for the family, and more.

## **Bonding at Harel**

It is particularly important to us that our employees feel at home in our organization, become acquainted with each other and work well as a team. Therefore, we hold a variety of team building exercises and wellness events for our teams and units. In addition, we invite our employees and their families to participate in various well-being and leisure activities.

## **Work-Life Balance**

Finding the right balance between work and family is critical to reducing employee stress and burnout and promoting a healthy lifestyle while ensuring a fully engaged and productive workforce. We strive to provide a supportive work environment for our employees, allowing the proper balance between family and work commitments.

In 2019, we expanded our well-being policy. Within this framework, we launched two new programs, first implemented in January 2020. We offered a retirement planning course to all retired employees and their spouses. In addition, as part of our commitment to ensure work-life balance, we initiated a pilot program allowing all employees to apply to reduce their work hours by 20% and work 4 days a week while maintaining full pension benefits for them and their families.

Additional benefits provided to employees to promote work-life balance include, among others, an option for flexible working hours, partial and coordinated work-from-home (according to special criteria and supervisor approval), a gradual return from parental leave, options for working on an hourly basis (weekly, monthly or annually), shortened days for parents, an option for paid/unpaid leave during school holidays or university exam periods, a periodic review of workers who accrue over 50 work hours per week while encouraging the utilization of vacation days, etc.

### **Parental Leave – A Gradual Adjustment**

We assist mothers returning from maternity leave to gradually adjust to their new routine. To this end, we apply a considerate approach to the needs of our employees and offer flexibility in working hours, allowing for a gradual and flexible return to work benefiting the employee and her family. We are pleased to note that this approach is proving successful with approximately 90% of our employees remaining in Harel 12 months after their return from maternity leave.

Employees returning from parental leave

2020

Women: 99%, Men: 1%

2019

Women: 97%, Men: 3%

**In 2020 we initiated a pilot program allowing all Harel employees to apply to reduce their work hours by 20% and work 4 days a week while maintaining full pension benefits for them and their families.**

## Work Environment

### Employee Health and Safety

#### Healthy Lifestyle, Healthy Workplace

We encourage our employees to adopt and maintain a healthy lifestyle. In support of this, we offer medical check-ups for our management and organize training, workshops and activities promoting health and a healthy lifestyle including: check-ups/subsidized health screenings, activities to raise vaccine awareness and/or vaccinations in the workplace, encouraging physical activity, helping employees to quit smoking, encouraging a healthy diet, providing tools and support for coping with personal emotional issues, etc. (more details can be found in our previous report).

As our operations are inherently office-based, no work related health issues have occurred during the reporting period. We promptly address our employees' needs as they arise, in an effort to ensure their health and safety in the workplace. For example, we provide ergonomic solutions for healthy office habits. Our employees are entitled to paid sick leave from the first day of illness.

**Sick day utilization data for 2019-2020 indicated an average of 0.8 sick days per employee per month.**

### Safe and Sound at Harel – Work Safety

We go to great lengths to minimize and prevent safety hazards at every one of our office locations. We conduct safety inspections and training and provide an immediate response in case of emergency. Harel's Safety and Security Department is responsible for managing any emergency situation, safety or security related. Our security team includes a safety officer, responsible for all aspects of safety in emergencies and in general; a security and safety supervisor, responsible for, among others, the security control room; a safety coordinator, responsible for training, safety surveys, periodic inspections, etc. and in addition, ensures the safety of contractors and their workers operating in the Company's offices. The Safety and Security Department is entrusted with maintaining the organization's facilities and ensuring employee safety, provides guidance, advice and intra-organizational response in all relevant areas, establishes plans and performs drills in preparation for various emergencies and maintains ongoing contact with first responders.

In the event of a local emergency, the Safety and Security Department takes appropriate action to minimize risks and provides life-saving response when needed. In case of a national emergency, the Department is responsible to maintain the Company's operations in the safest possible way, while complying with security forces orders.



Harel's Safety and Security Department aims to improve employee awareness and knowledge of safety issues through courseware, drills, and more, reduce the annual number of safety hazards, improve the response to fire, and improve the oversight of external contractors.

### **Preventing Sexual Harassment**

We address issues of sexual harassment and intimidation with the utmost seriousness and severity. In an effort to prevent this illegal and immoral behavior, we update our procedures for handling sexual harassment complaints on an annual basis. New employees participate in training on this subject as part of their orientation and receive a printed copy of the Company's regulations for the prevention of sexual harassment. In accordance with the Sexual Harassment Prevention Act, the regulations are posted in prominent places throughout our office locations and published on the Company's portal.

The Company appointed an official responsible for the prevention of sexual harassment in the Group who has qualified for the role through the required training. When a complaint of sexual harassment is received, it is thoroughly reviewed and investigated (through the involvement of a third-party attorney if necessary) with recommendations communicated to the Company's CEO for the appropriate decisions and actions.

## SOCIAL RESPONSIBILITY AND COMMUNITY ENGAGEMENT

### A Strategic Investment in the Community

Harel is proud to be a significant part of Israel's economic mosaic, and as one of the market's leading insurance companies, we recognize our commitment to the society and community in which we operate. Therefore, community involvement is integral to our organizational culture and the values we promote through our activities. Our community involvement strategy revolves around 4 core axes:

- 1. Long-term strategic collaborations** - We create meaningful collaborations with associations and organizations that promote social impact, in areas including: health, education, empowering children and youth at risk, assisting underprivileged populations and ensuring food security. The collaborations are based on a close and significant long-term relationship and include employee volunteer work and financial contributions.
- 2. Financial contributions** - We make annual donations to dozens of non-profit social organizations and charitable associations. In 2019 financial contributions increased by 24% compared to 2018 and amounted to approximately NIS10m. In 2020, in the wake of the COVID-19 crisis, Harel maintained a similar scope of contributions with financial donations in the amount of NIS9.5m. Of this, an annual NIS7m is donated through the M.E.H. Foundation<sup>1</sup> (Keren HaMeah - in memory of the late Margot and Ernst Hamburger). The foundation's policy is to contribute mainly to organizations that support special-needs children, charitable associations that provide medical and life-saving assistance, patrons of the arts and culture, institutions of higher education, and activities that promote familiarity with the Israeli insurance sector. In addition to financial donations, Harel's employees volunteer at the expense of work hours and the Company donates resources such as training venues and various equipment to charitable organizations.
- 3. Social procurement** - We strive to create a positive social impact through our procurement processes, ensuring the integration of organizations that provide employment opportunities for people with disabilities in Harel's social events and procurement. Among the organizations are: "Ofek Lavan", "&Joy", "Zipor Hanefesh", and more. In 2020, following the social crisis created by the pandemic, Harel placed a greater emphasis on promoting social procurement.
- 4. Mobilizing towards a social cause** - We remain attentive to the public discourse and feel a responsibility to take action on social issues that make headlines in accordance with the Company's values. During the years 2019-2020 we mobilized our efforts to promote the fight against domestic violence, equal rights for people with disabilities, Pride Month and more. In

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<sup>1</sup> M.E.H. Foundation is a public benefit corporation authorized by the tax authorities to accept donations from various entities and to distribute them among social organizations.

doing so, we expressed our position publicly, participated in media campaigns and held activities to raise awareness among our employees.

Financial Contributions (in NISm)

2019: 10    2020: 9.5

Contributions in kind

2019: 1,451,368        2020: 507,196

Social Procurement

2019: 139,500    2020: 826,500

**The following is a list of some of the organizations that benefit from Harel's contributions/volunteer work:**

United Hatzalah, Geha Mental Health Center, Friends for Health, Leket Israel, Nevet (Sandwich for every child), Lasova, Pitchon-Lev, The Jaffa Institute, Shiur Acher, Komemiyut School, Remez School, Or Shalom, Adopt a Soldier (AWIS), Israel Nature & Heritage Foundation, 8200 Impact, Variety Israel, Beit-Noam, Weizmann Institute, Educating for Excellence, Nobel Laureates for Excellence in Education, Etgarim, Alliance Israélite Universelle, HetzUmatara (at-risk youth), HaBait shel Ronit (for children with special needs), VeHadarta (senior citizens center), Friends of the Tel Aviv University, Orna Porat Children's Theater, Hen Hanegev, Larger than Life (Israeli Children with Cancer), House of Wheels (organization for disabled children), Yad Levi Eshkol (public activities in the fields of education, research and documentation), Kiryat Ono Children's Basketball, Municipal Engineering High School, Gesher Theater, Friends of Sheba Medical Center Tel Hashomer, Migdal Or (employment-oriented post-secondary education), Spirit of Israel (for at-risk youth), Tourette Syndrome Association in Israel

### **Harel for the Community During the COVID-19 Crisis**

With the outbreak of COVID-19 disrupting our lives in early 2020, the Company's social involvement had adapted to the needs and circumstances of the hour. We made certain to remain attentive at all times to the community and its changing needs and worked tirelessly to address the new reality that was created. Concurrently, our donations committee convened frequently to respond to requests and needs of those who have been affected. For example, Harel was one of the first companies to fund rescue flights for Israelis to return from South America when all flights were cancelled. In addition, we strengthened our collaboration with our social partners and held ongoing dialogue in order to better understand their unique needs during this period and find ways in which Harel can offer assistance. In doing so, we have adjusted our volunteer program in adherence to COVID-19 guidelines in an effort to maintain the health of our employees. We offered employees various volunteer opportunities that can be conducted remotely and held volunteer activities under the prescribed restrictions.

## Generating Social Impact

We believe in a proactive approach to creating deep and meaningful social collaborations, in an effort to generate an effective and valuable social impact. Thus, we work to build close collaborations that include the personal involvement of our employees, an ongoing dialogue with our social partners, support through financial contributions and leveraging Company resources. This is premised on our belief that active social engagement is key to creating a real impact on the community and at the same time on our employees and our organization.

### **We call this concept, the Triple Bottom Line Model:**

#### Community

Maximizing social impact through employee involvement, establishing a personal and deep connection between employees and the community while raising awareness to current social issues.

#### Organization

Realizing the potential of Harel's values, reinforcing the relationship with our employees and improving their level of satisfaction by meeting their expectations, with a focus on Generation Y employees.

#### Employees

Breaking the routine and creating team bonding, raising morale and motivation, providing a sense of accomplishment and purpose, imparting interpersonal skills.

### **Business Partner - Social Partner**

As part of our efforts to generate a significant social impact and aligning with our Triple Bottom Line Model, we created the "Business Partner - Social Partner" initiative that connects between one of Harel's business units to a select charitable organization.

This initiative helps establish a close-knit partnership between the two parties based on long-term support and a close and personal involvement of the unit's employees, maintaining an ongoing dialogue to strengthen the relationship and adapting our response to needs as they arise. We view this initiative as a means of enhancing our impact in a significant, meaningful way.

Press [here](#) to see how we impact our community.

## **Volunteering is Part of our Organizational Culture**

Volunteer work is in Harel's DNA. We recognize the wide range of benefits that active community involvement delivers. The strength of Harel's volunteer work stems from the emphasis and recognition it receives both from our management's policies and through its application by our employees in the field. Harel's executive management defines our social involvement policy, sets its objectives and monitors its implementation. The volunteering program is managed in a structured and effective manner by the Group's Corporate Responsibility Coordinator and in accordance with an annual work plan and allocation of organizational resources. Employee participation is key to the program's success and we make use of volunteer surveys after each activity to measure satisfaction levels, improve the volunteer process, understand the impact and results of our involvement and apply our findings and conclusions in the ongoing work plan.

We are proud to have achieved our volunteering objectives in 2019 whereas 51% of the Group's employees participated in volunteer activities. In 2020, due to the uncertainties and restrictions posed by the COVID-19 outbreak, and in our attempts to adapt our regular operations to the circumstances while protecting the health of our employees, volunteer hours decreased. Nevertheless, we have prepared an updated work plan for 2021 consistent with the current circumstances and aim to increase the prevalence of meaningful volunteer opportunities for our employees this year.

From one of Harel's volunteers:

"Volunteer work exposes you to people and places you never encounter in your everyday life, it allows you to gain perspective about yourself and your environment."

Employee Volunteer Rate: 2019: 51%, 2020: 26%

Number of Volunteer Hours: 2019: 8,415 2020: 4,072

And how do our volunteers feel about their involvement? (from a maximum score of 5)

Recommend volunteer work to a work colleague: 4.8

Feel a sense of purpose in the activity: 4.7

Make a significant impact and contribution: 4.6

On the whole, employee satisfaction from their volunteer work throughout 2019-2020 was high. It is apparent that during 2020 and the challenges of social distancing, volunteering served as an important tool for maintaining and forging social connections among employees. Additionally, there was an increased sense of accomplishment and a clearer sense of the importance of volunteer work.

## **Promoting Health at Harel**

507 – our employees participated in 507 medical dispatch calls through the course of their volunteer work with United Hatzalah in 2019-2020

3,808 - Harel employees volunteered 3,808 hours at United Hatzalah during 2019-2020

Harel is the country's leading health insurance provider. Thus, we have chosen to promote the health sector within the framework of our community involvement, in an effort to maximize our impact on the health and quality of life of the Israeli public. The COVID-19 pandemic has caused substantial strain on the public health system, emphasized the importance of external healthcare options in addition to institutional ones and highlighted the significance and impact of Harel's activity in this field.

### **United Hatzalah - a Decade of Collaborations**

The United Hatzalah Organization (Israel Rescue) is one of Harel's foremost partners and the collaboration between us, beginning in 2011, is designed to promote health in Israel through life-saving and awareness raising activities. As part of this collaboration, Harel employees regularly volunteer in support of the organization's activities, undergo dedicated professional training and serve as on call dispatchers and EMTs, volunteer work that continued throughout 2020. In addition, Harel annually contributes financial and logistical resources to reinforce and advance the organization's operations. We maintain constant contact and dialogue with this non-profit organization in order to understand its needs as they arise and examine additional opportunities for further cooperation.

United Hatzalah is a volunteer-based emergency medical services organization, approved by the Ministry of Health as an official first responder. Throughout the pandemic, Harel's contribution and support managed to keep the organization afloat and enabled the launch of several significant projects: assistance with hundreds of thousands of COVID-19 tests, purchase of thousands of oxygen tanks to help coronavirus patients, tens of thousands of patient transfers to quarantine hotels, tens of thousands of vaccinations by hundreds of medical professionals, dozens of daily rides offered to the elderly and Holocaust survivors to vaccination clinics.

### **"1221, Reaching Everyone"**

Harel support United Hatzalah's effort to establish a humanitarian emergency dispatch center as part of the national initiative "1221, Reaching Everyone." The emergency call center provides a response to the general public every day of the week, operating a network of 30,000 volunteers who arrive at the scene once a call is placed to the center and provides the necessary assistance, including - first aid, logistical assistance, emotional support etc.

## **Health Days – A Healthy Tradition at Harel in Cooperation with United Hatzalah**

Thousands of exams each year and over 70 volunteers

Harel and United Hatzalah co-initiated the annual National Health Day project, which has become a tradition over the years. As part of this day, health stations are set up throughout the Company's complexes, equipped with the most advanced medical equipment and operated by the United Hatzalah team members together with Harel employees (trained by the organizations as EMTs and paramedics). Volunteers perform routine exams such as blood pressure reading and blood sugar levels for anyone interested. **Health Day events are met with great success, raising awareness among the public for preventive care, reaching thousands of people each year and helping identify medical issues that require attention in a way that may save a life.**

## **“Ten Kavod” – Honoring the Elderly Population**

During 2019-2020 our employees continued to take part in the “Ten Kavod” project, whereas trained volunteers visit the elderly population, specifically Holocaust survivors, in their homes and conduct routine medical examinations (blood pressure, pulse, blood sugar, etc.). These tests significantly contribute to a reduction in morbidity rates among the elderly due to neglect, identify and provide an early diagnosis of various symptoms, monitor and maintain the well-being of the elderly and prevent health deterioration. Along with medical attention, the project also provides a social support system for the elderly, as our volunteers help alleviate loneliness and improve the mental health of their elderly “patients”, an issue which had become more pronounced in light of COVID-19 social restrictions.

## **Collecting Unused Medication – Friends for Health**

Throughout 2019-2020 we continued volunteering for the medication collection project initiated by “Friends for Health”, a non-profit organization dedicated to helping people who cannot afford the life-saving medication they need, including delivering medication to quarantined individuals or to populations at-risk during the pandemic. Through the years 2019-2020 our employees collected 127.4kg of unused medication that was delivered through the organization's sorting and distribution channels.

## **Geha Mental Health Center's Nurseries and Day Care - a Heartfelt Partnership**

As part of our “Business Partner - Social Partner” initiative, Harel's subsidiary, Standard Insurance Ltd., has been sponsoring two nursery schools operating within the Geha Mental Health Center since 2015. The company's employees arrive at the schools every two weeks and organize activities for the children, celebrate holidays together and more. Due to the outbreak of COVID-19, the volunteer project was paused in 2020 as only the caregiver staff was allowed to enter the center. Our collaboration with Geha carries



great emotional significance to both the children and Harel's volunteers, inspiring and meaningful to both sides. We value this partnership and look forward to returning to our joint activities. **Harel Volunteer Work at the Geha Mental Health Center:**

2019: 158 volunteers, 20 sessions, ~344 volunteer hours

2020: 47 volunteers, 5 sessions, ~94 volunteer hours

## **Harel in Support of Underprivileged Populations**

We are committed to contributing to the prosperity of Israeli society and therefore focus our resources on strengthening the resilience of underprivileged populations by assisting in fulfilling their basic needs, with an emphasis on food security.

### **Food Rescue with Leket Israel**

Leket Israel, Israel's national food bank, is the leading food rescue organization in the country. The organization's sole focus is rescuing healthy, surplus food and delivering it to those in need. Harel workers continued to volunteer through the years 2019-2020 in packing agricultural produce for underprivileged populations at Leket's logistics center and participating in dedicated harvest days.

4,000 families in need – Thanks to Harel's financial contributions, 4,000 family's in-need received fresh fruit and vegetable deliveries (through 2019-2020).

30,450 families – Thanks to Harel's volunteers, 30,450 families received fresh fruit and vegetable deliveries (through 2019-2020).

870 employees – volunteered during 2019 in Leket's logistics center, collecting and packaging over 694.5 box pallets of agricultural produce.

82 employees – volunteered during 2020 in Leket's logistics center, collecting and packaging over 82 box pallets of agricultural produce.

### **Preparing a School Sandwich with Nevet**

In Israel, hundreds of thousands of children and teens go to school hungry every day. For over a decade, we have partnered with the Nevet (Sprouts) organization in providing nutritious daily school meals for Israeli children from disadvantaged backgrounds, in an effort to address the most basic need – ending hunger and creating a nutritional and consistent routine that benefits learning. As part of the project, Harel employees prepare over 150 sandwiches a day, throughout the school year, for the children of the “Komemiyut” and “Remez” schools in Pardes Katz in central Israel.

Through this seemingly small and simple gesture, a nutritious breakfast sandwich, we create a big change that has a significant impact on the future of the younger generation. Numerous studies conducted around the world demonstrate the link between school breakfast programs and improved concentration, memory and learning abilities, behavior and motivation, and an overall improvement in academic performance.

24,474 Sandwiches – during the 2019 school year, our employees prepared 24,474 sandwiches for 138 students.

21,072 Sandwiches - during the 2020 school year, our employees prepared/donated the cost of 21,072 sandwiches for 120 students.

Nebet's study on the benefits of the project:

94% improvement in students' concentration and focus during school

79% improvement in academic performance

40% decrease in student absences

## **Opening our Hearts with Pitchon-Lev**

Pitchon Lev (Open Heart) is Israel's largest humanitarian organization working to break the cycle of intergenerational poverty and maintaining a direct contact with recipients to supply their basic needs.

For over a decade we have partnered with Pitchon-Lev providing an annual support in preparing, collecting and distributing food baskets for families and infants, distributing clothing and footwear, toys, games and more.

Throughout the pandemic, we recognized the importance of our commitment to Pitchon-Lev and its cause and took upon ourselves to expand our cooperation in light of the organization's current needs and the challenges it must face - a sharp increase in those requesting aid (1,800%) along a significant decrease in volunteers (40%). During this period, 345 Harel employees volunteered for Pitchon-Lev's volunteer days, preparing and distributing 6,000 food baskets **to hundreds of families nationwide**.

In addition, during the Hanukkah holiday celebrated under COVID-19 restrictions, Harel's Claims, Health and Overseas Division determined to double its employees' contribution, diverting the budget set aside for a holiday party or off-site event for the purchase of holiday gift bags from Pitchon-Lev and encouraging employees to distribute them to those less fortunate.

## **Harel Finance Opens its Heart on a Special Volunteer Day**

In 2020, Harel Finance hosted a special Volunteer Day in which 120 of the company's employees prepared and distributed over 400 food baskets for delivery to needy families, Holocaust survivors, the elderly and other disadvantaged groups. Most of the food baskets were donated by Harel and included a wide range of products. Volunteer Day was an inspiring and empowering experience for our employees, for Pitchon-Lev and its beneficiaries alike, especially during the coronavirus crisis.

**Eli Cohen**, CEO, Pitchon-Lev:

"We thank Harel Finance for their extensive collaborative effort and support benefiting the disadvantaged populations in our society. It is inspiring to see that even in face of these difficult times, when the economic future is unknown, large companies devote their time and energy to lend a helping hand to others. This is mutual responsibility at its best and we are happy and excited about this collaboration. I would like to note that Harel Finance was one of the first corporations to decide to resume its team volunteering efforts during the pandemic. Thanks to their dedication, we can reach out and help anyone in need."

**Tal Kedem**, CEO, Harel Finance:

“The Harel Group is proud of its commitment to the community, especially during these challenging times. Harel Finance promotes social responsibility among its employees and encourages them to volunteer in the community throughout the year. We are proud to be part of a group that places community service as one of its top priorities.”

### **Supporting the Jaffa Institute**

Since 2017, employees of the Collective Health and Dental Department have sponsored the Jaffa Institute as part of the Group’s “Business Partner - Social Partner” initiative. Employee volunteers assist in preparing food baskets for the needy and help organize cultural and leisure activities for the elderly and Holocaust survivors. Throughout 2020, the department’s employees remained in continuous contact with the Institute, and as soon as restrictions were lifted, our volunteer activity resumed.

13,640kg of clothing items – Harel employees donated 13,640 clothing items during 2019-2020 and volunteered in Pitchon-Lev’s second hand shop (“Open Heart Second Hand Bazaar”)

#### **Number of Volunteers**

2019: 301

2020: 345

#### **Number of Volunteer Hours**

2019: 1,023

2020: 785

#### **Number of Food Baskets Delivered**

2019: 6,000

2020: 6,000

## **Harel in Support of Education for At-Risk Children and Youth**

As an insurance and financial services provider, our business activities are focused on ensuring the future well-being of our customers. We believe that a secure future begins in the present and that investing in education is one of the most promising ways to express long-term commitment and responsibility. Within the realm of education, we see great importance in activities for at-risk children and youth as means to promote equal opportunities and help minimize current and future social disparities. Our collaborations in this field allow our employees to establish a deep and personal connection with the children and teens, serve as role models, reinforce their sense of self-efficacy and create an unmediated meaningful impact.

Among our activities for the education and support of at-risk children and youth, our employees sponsor the after-school programs of the Jaffa Institute and volunteer in the youth center at the Lasova Organization. In addition, we participate in a myriad of other volunteer activities, among them:

### **Our Schools – School Sponsorship in Pardes Katz**

For more than a decade, Harel has been sponsoring the “Komemiyut” elementary school and the “Remez” high school in Pardes Katz, hosting various activities for the children throughout the year. Our support includes the school sandwich program and the “Shiur Acher” initiative as aforementioned. Through the years 2019-2020 we held several events in the schools in celebration of holidays and other special events, assisted in painting the classrooms before the start of the new school year and donated equipment.

### **“Shiur Acher” (Another Lesson) in Financial Management**

Our Investment Division and the Property Claims and Liabilities Department have been sponsoring the Shiur Acher organization for several years, teaching ninth and tenth grade students financial literacy, fundamentals of the capital market, smart economic planning and more. The unmediated bond between our volunteers and the students bestows a sense of giving and fulfillment and inspires children to consider a future career in this field.

### **A Ray of Light for the Children, a Ray of Light for our Volunteers – Volunteer Work at the Orr Shalom Day Care**

“Orr Shalom” (Light of Peace) is a non-profit organization dedicated to providing a home for children whose home has been declared to be unsafe physically and emotionally by Social Welfare Services, offering them a wide social support network that enables normal development and a real chance for a better present and future. Harel’s Ombudsman Department sponsors an “Orr Shalom” day care that cares for approximately 10 children. Harel’s volunteers hold annual events that include fun activities, food and toy deliveries, assist in renovations of the facilities and more. The unit maintains close and ongoing contact with the day care ensuring a continuous dialogue, understanding the various needs that arise and assist with an appropriate response, including during the pandemic.

2019-2020: 482 employees, **1332 volunteer hours** together with 459 students

2019-2020: 72 employees conducted **235 lesson hours** to over 70 students

2019-2020: 209 employees, **827 volunteer hours** for day care children

## Harel Contributing to the Resilience of Israeli Society

### Heart to Heart with Variety Israel

We are proud of our long-standing partnership with Variety Israel, an organization helping special-needs children from low socio-economic backgrounds. Every year, Harel employees take an active part in the organization's annual fundraising event. In 2020, approximately 300 Company employees volunteered to help raise funds during the annual fundraising marathon by operating the call center. The event succeeded in raising over NIS4.5m. **We attach great importance to this annual event, as it allows us to expand our circle of influence and generate a broader impact for the benefit of the organization.**

In addition to our volunteer work, Harel was one of the event's principal sponsors, donating NIS400,000.

Gideon Hamburger, President, Harel Insurance and Finance Group, member of Variety's Board of Directors, Honorary Chairman of Variety Israel:

"Harel champions social commitment and corporate responsibility and is engaged with, supports and contributes to various organizations while encouraging our employees to become socially involved and actively contribute to their community. We are proud of Harel's significant contribution to Variety's fundraising event, amounting to NIS400,000, and the volunteer work of over 300 Harel employees who helped raise public donations for the children of Variety Israel."

### **Saluting Our “Knights” - Adopt a Solider**

Since 2008, Harel has been sponsoring two IDF Logistic Corps transport battalions: the “Knights of the South” battalion, sponsored by Harel’s Jerusalem offices and the “Knights of the North” battalion, sponsored by Harel’s northern offices. Every year, Harel employees prepare and distribute food baskets to the battalions’ soldiers on Rosh Hashanah and Passover. In addition, our employees join the soldiers in various volunteer activities.

### **Green Volunteering Initiatives in Collaboration with the Nature and Parks Authority**

Harel understands the importance of raising employee awareness to environmental sustainability and preserving the environment in which we live. Therefore, we partnered with the Nature and Parks Authority enabling our employees to take part in meaningful activities such as beach cleanup, cultivating nature reserves and more throughout the course of 2019-2020.

**852 volunteer hours, 296 employees**

### **8200 Impact - The Top Minds Gathering to Promote Social Causes**

In 2020, we announced a new collaboration with the 8200 Impact organization. Founded by alumni of the IDF’s elite intelligence and cyber-security unit, the organization offers a unique acceleration program for impact-tech startups that aim to solve social or environmental problems through advanced technology. Harel intends to continue its collaboration with the organization in the upcoming years and expand the partnership further, trusting in the organization’s ability to create a significant social impact.

Chen Shmilo, Managing Director, 8200 Impact:

“Thanks to our partnership with Harel, we were able to launch the third cycle of our program which included 10 technological projects that generate social impact. The collaboration with Harel, which included support from the Company’s technological experts, enriched the program’s contents and improved the project selection process through personal interviews.”

### **Every Year, Another Organization Takes the Stage - the Calendars Project**

For over a decade we have maintained a tradition of printing calendars that highlight the activities of one chosen social organization each year. The calendars are distributed to tens of thousands of stakeholders - employees, agents and thousands of households and in so doing we help create wide circles of influence and raise awareness to the social issues promoted by the selected organization. In 2019, we chose the “Etgarim” (Challenges) organization, which was founded by disabled veterans of the IDF and senior rehabilitation professionals in an effort to empower and integrate people with disabilities through outdoor sport activities. In 2020, we chose to highlight the “Lasova” organization, a nonprofit organization that helps disadvantaged populations with basic necessities such as food and shelter.

### **Follow Me to Volunteer - Harel’s Management Sets a Personal Example in Community Engagement**

#### **Bringing the Scientists Home**

Harel supports the Weizmann Institute of Science “Brain Gain” project, which aims to encourage and facilitate the return of Israeli scientists living abroad to continue their research work at the Institute. We believe this project is essential in positioning Israel at the forefront of science and technology and in promoting national resilience. **Gideon Hamburger**, President of the Harel Group, serves as a volunteer member of the Institute’s international Board of Directors for the past 30 years and as a member of the board of the Israeli Friends of the Weizmann Institute of Science.

#### **Educating for Excellence**

The Educating for Excellence Association (“Psagot”) aims to reduce socioeconomic disparity and create social mobility opportunities for youth with potential for academic excellence from Israel’s social and geographic periphery. **Yair Hamburger** - Chairman of the Harel Group, is an active member of the association’s managing committee.

#### **Nobel Laureates for Excellence in Education,**

The “Nobel” organization was founded by prominent scientists and Nobel laureates, aiming to encourage Israeli youth to take interest in science and technology. **Michel Siboni** - CEO of the Harel Group, serves as a volunteer member of the organization’s managing committee.



## ENVIRONMENTAL SUSTAINABILITY

### Environmental Responsibility at Harel

Global warming and climate change are the most significant environmental challenges facing humanity in the 21st century. We value the growing importance of environmental sustainability and work to reduce the environmental impact resulting directly from our operations while promoting environmental causes through our business activities, with an understanding that our efforts can create a real impact.

We proactively strive to reduce the material environmental impact resulting from the Company's operations, including reducing energy consumption and improving energy efficiency, minimizing greenhouse gas emissions and reducing our carbon footprint, as well as minimizing the creation of landfill waste. Harel's Corporate Responsibility Department, together with the Logistics Division, holds the responsibility for promoting the Group's environmental performance.

We work to implement environmental principles in our business activities as well, in an effort to expand our circles of influence and enhance our environmental responsibility. As such, we develop insurance products with added environmental value, promote green investments and include environmental considerations in our annual risk management processes.

Our environmental policy is approved by our management and supervised by the Group's Corporate Responsibility Forum, as well as reported to our stakeholders in a transparent manner through the Corporate Responsibility Reports published by the Company, Maala's Corporate Responsibility Rating and the Voluntary Reporting of Greenhouse Gases Program within the framework of the Ministry of Environmental Protection's GHG registry.

The principles of our environmental policy include:

- Measuring environmental performance
- Taking steps to reduce material environmental impact
- Engaging employees in sustainability efforts
- Developing insurance and financial products with added environmental value
- Promoting responsible investments through Harel Insurance and Harel Finance<sup>2</sup>

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<sup>2</sup> Detailed further in the chapter "Customers, Products and Service"

- Managing environmental risks<sup>3</sup>
- Maintaining transparency and accountability in reporting to all stakeholders and the general public

## Environmentally Responsible Insurance Products

Harel invests in the development of insurance and financial products with added environmental value for its customers.

### **Harel Switch – Pay per Mile**

Harel Switch is an innovative car insurance policy (comprehensive and compulsory), in which monthly premiums are dynamic and determined by the number of miles driven each month on a “pay per mile” basis. As such, the policy encourages customers to drive less and limit unnecessary car use while helping them save on insurance expenses. The policy’s unique pricing mechanism delivered considerable value for customers during the pandemic lockdowns.

### **Upgrade 10,000 – Drive Less and Save**

A car insurance policy based on the principle of “drive less, pay less”, for low-mileage drivers. Customers driving less than 10,000 km per year receive a 20% discount on comprehensive car insurance premiums. The discount granted under the “Upgrade 10,000” policy is offered in addition to other benefits our policyholders receive and to the personal services of Harel’s agents.

### **Adira Green Policy – An Insurance Policy with Good Energies**

An original energy initiative by Harel that insures domestic installations for generating electricity from solar energy. This is a supplementary home insurance policy that provides insurance coverage for a domestic “photovoltaic” facility for electricity generation (PV facility). The insurance covers natural disasters, loss, theft and breakage as well as coverage for loss of income due to a shutdown of electricity supply from the facility to the electric corporation.

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<sup>3</sup> Detailed further in the chapter “Ethics and Corporate Governance”

## Harel's Environmental Performance

As our activities are inherently office-based, we have identified the material environmental impacts of our operations to be:

- Air pollutant emissions- through energy consumption and vehicle use
- Greenhouse gas emissions – direct and indirect emissions derived from electricity consumption, use of refrigerants in our HVAC systems and fuel consumption by our corporate vehicle fleet
- Generation and disposal of waste – specifically solid office waste such as paper, plastic and electronics

### Energy – Decreasing Consumption is in our Nature

Energy consumption at Harel is managed by the Logistics Department's Energy Supervisor, responsible for measuring, monitoring and improving energy efficiency. The bulk of our environmental impact in terms of energy stems from electricity consumption in the office buildings in which we regularly operate. The HVAC system is the Group's primary electricity consumer, accounting for 50% of total electricity consumption. Other consumers include light sources, elevators, computers and refrigerators.

Total Electricity Consumption (GJ)

2018: 116,342

2019: 117,977

2020: 103,721

Energy Intensity (Gj/m<sup>2</sup>)

2018: 27

2019: 24.25

2020: 22.38

### Efficient Energy Use

We regularly review energy efficiency initiatives and set goals for improvement. Among the initiatives promoted in the years 2019-2020:

**Installation of energy management systems** - In 2019, a sensor-controlled, smart energy management system was installed in our offices in Ramat Gan, designed to control, manage and reduce the HVAC system's energy consumption. The energy management system's implementation process was completed in 2021 with an expected 20% reduction in annual electricity consumption. As such, the project is due to return its original investment within eighteen months. Thanks to the innovative solutions it provides, the project was supported and partly funded by the Ministry of Energy.

**Transition to LED lighting solutions** – Through the course of 2019-2020, we replaced the lighting installations in Harel's offices with LED lights. The transition is due to be completed by the end of 2021.

**Chillers replacement** – In late 2020 we initiated a long-term project to replace all existing air-conditioning systems in the Company with advanced water-based chiller systems. The new chiller systems are not only energy efficient (class A), significantly reducing energy consumption, they also utilize a new, eco-friendly gas, allowing for a reduction of GHG emissions. The replacement process began in 2021 and is anticipated to bring about an annual savings of 10% in the chillers' energy consumption.

**Transition to a cloud-based infrastructure** - In 2019 we began a transition to a cloud-based infrastructure, spearheading the insurance industry with this process. The server rooms remaining in the Company are now smaller and more energy efficient. In addition, we initiated a process to replace regular PCs with a virtual desktop infrastructure (VDI). VDI is a technological solution wherein virtual applications, desktops and data are managed on a centralized platform allowing employees to access their work from any computer and from any location. The shift to VDI delivered benefits in terms of cost reduction and energy saving as this infrastructure's energy usage is significantly lower than the conventional desktop computers. Currently, 70% of the Group's desktops (3,500 in number) are VDI devices. Along with the environmental benefits, the transition to VDI establishes both effective infrastructure and workspace recovery and ensures business continuity as well as improves cyber security as propriety data is not stored on the endpoint device.

Total Electricity Consumption (million kWh)

	From the Israel Electric Corporation	From a private electricity producer
2018	6.5	9.6
2019	11.3	5.6
2020	3.8	12.1

Electricity consumption per employee (kW/h per employee)

2018: 3.78

2019: 3.49

2020: 3.42

#### Fuel Consumption (million liters)

	Gasoline	Diesel
2018	172.9	7.9
2019	169.7	7.8
2020	136.2	24.3

#### Fuel consumption per vehicle (liter/vehicle)

2018: 2,140

2019: 2,103

2020: 1,764

\* The increase in diesel fuel consumption in 2020 is a result of the introduction of additional diesel-engine vehicles to our fleet due to employee demand. Nevertheless, overall fuel consumption decreased.

**- 6% in 2019-2020**

**Our efforts to improve energy efficiency have led to a 6% year-over-year reduction in electricity consumption in 2019-2020.**

Despite our efforts and investments in energy efficiency, we did not meet our target to reduce electricity consumption by 1% in 2019 due to unforeseen renovations undertaken in one of the Group's buildings. However, we set a more ambitious target for 2020, committing to a 4% reduction in energy consumption and have successfully met this target. For 2021, we have undertaken to reduce electricity consumption by 4% compared to the scope of consumption in 2019, since 2020 does not accurately reflect the occupancy of Company offices and as such the electricity consumption within them.

#### **Accelerating Sustainable Transportation**

Another energy source used by Harel is fuel consumed by the corporate vehicle fleet. In an effort to reduce fuel consumption, we have introduced hybrid vehicles to our vehicle fleet. As of year-end 2020 approximately 30% of our fleet is hybrid-electric. In addition, we encourage employees to cycle commute by installing bicycle racks in our parking lots and providing a changing room and showers.

In 2019, we met our target to reduce fuel consumption by 1% and even surpassed it. We reduced fuel consumption by 32,405 liters, approximately 2%. We will continue to set an annual target of a 1% reduction in the Group's fuel consumption.

## Greenhouse Gas Emissions - Measured, Reported, Reduced

Harel was the first insurance company in Israel to begin measuring the carbon footprint resulting from its operational activities and has been reporting for more than a decade to the Ministry of Environmental Protection's voluntary GHG registry. We believe that monitoring and overseeing our direct and indirect emissions is a way to manage and evaluate the Group's energy efficiency and effectively reduce our environmental impact.

Emissions measurement and calculations are compiled using internationally recognized guidance based on the Greenhouse Gas Protocol. Emissions are measured in tonnes of carbon dioxide equivalent (tCO<sub>2</sub>eq) and classified into types:

**Direct emissions (Scope 1)** – emissions directly released from sources controlled by the Company associated with the fuel consumption of our fleet and with the use of refrigerants in our HVAC systems.

**Indirect emissions (Scope 2)** – indirect emissions resulting from the consumption of electricity through the Electric Corporation and a private energy producer.

In this report we provided a more accurate measurement of GHG emissions by expanding the reporting scope and including refrigerants in the calculation. Despite the expanded scope, we achieved a 15% improvement in energy intensity over the course of the years 2018-2020. In addition we successfully reduced our carbon footprint by 1,180 tCO<sub>2</sub>eq, an equivalent to the annual photosynthetic activity of approximately 60 trees, which absorb carbon and release oxygen into the air.

As of 2017, we have been purchasing electricity from a private producer, Dorad Power Station, which produces electricity from natural gas, a cleaner energy source emitting lower levels of GHGs. In 2020, we expanded our contract with Dorad, in terms of both capacity and duration. Furthermore, we entered an agreement with an additional energy producer, OPC, which also produces electricity from natural gas. The contract will enter into force in 2021 and further expand the volume of electricity we consume from less polluting sources. Moreover, in 2020, the Logistics Division began examining the feasibility of installing solar panels on the roof of our office building in Petah Tikva enabling the independent production of renewable energy.

- 15% over 2018-2020 - Despite the expanded reporting scope, we achieved a 15% improvement in energy intensity over the course of the years 2018-2020

GHG Emissions (tCO<sub>2</sub>eq thousands)

	Direct Emissions (Scope 1)	Indirect Emissions (Scope 2)
2018	4.0	7.9
2019	4.48	8.6
2020	3.37	7.4

GHG Emission Intensity (tCO<sub>2</sub>eq per employee)

2018: 2.73 2019: 2.7 2020: 2.32

### **Waste Management in lieu of Waste Production**

Our operations generate solid waste from our office activities, mainly paper and electronic waste. Harel's Logistics Division manages the various waste streams while taking measures to identify and minimize paper-generating activities and increasing recycling and reuse of materials.

All paper and electronic waste is sent to recycling facilities:

- Paper and cardboard - Harel uses recycled paper and transfers paper and cardboard waste to the Amnir recycling facilities.
- Electronic waste - such as computers, communication equipment, batteries and more is transferred to the Shuru recycling facility.

Electronic Waste (tonnes) 2019: 1.046 2020: 1.195

### **Reducing Paper Consumption - Harel Digital**

As an insurance company committed to various regulatory reporting obligations, we are a paper intense operation. Thus we have adopted a policy for reducing paper consumption mainly by promoting a shift to digital processes. In the past several years documents and reports are e-mailed to our customers in accordance with regulatory requirements in lieu of being printed and posted by mail. During 2019-2020 various digital services have been developed to allow our customers to perform self service operations independently and online in a manner that saves a substantial amount of paper. For example, a customer can easily and digitally submit a health or vehicle claim, redeem a pension, provident or education fund, change a saving plan, edit personal information and payment methods, etc. Beyond the significant paper waste cutting benefits, digitization processes allow us to improve customer service. As part of our technological implementations, we shifted our interface with suppliers to an online platform as well, eliminating the use of paper invoices, receipts and the like.

### **Number of E-mails (millions)**

2018: 3.6 2019: 9 2020: 6.5

### **Paper Consumption (tonnes)**

2018: 137 2019: 110 2020: 87

### **Decrease in paper consumption**

25% over 2018-2019

26.4% over 2019-2020

50.43 tonnes decrease in paper consumption over the years 2018-2020, saving 1,210 trees

### **Reuse – Paying it Forward**

For the past several years we have offered our out-of-use office equipment to employees and to non-profit social organizations. As such, we integrate our social commitment with our sustainability efforts, encouraging reuse of equipment in good use that is no longer needed at Harel. We work in collaboration with the “Social Delivery” association to donate equipment we no longer use to children homes, schools and soldiers. To this end we have set up a dedicated system on the employee portal, which is updated on a regular basis and displays an inventory of out-of-use equipment in the Company. Employees can order the equipment and collect it from the Company warehouses for themselves or for various organizations. Among the equipment offered: office furniture, appliances and more. In 2019, we expanded the project to offer cell phones at a subsidized price, which are then offered to an external party.

150 items were donated to charitable organizations – During 2019-2020 150 items valued at NIS150,000 were donated to charitable organizations

695 items were offered to our employees - During 2019-2020 695 items valued at NIS74,300 were offered to our employees

### **Greens Procurement**

In an effort to create a responsible supply chain, Harel has extended its environmental policies to its supplier interfaces. To this end, our Logistic Division’s Construction and Purchasing Departments developed a “Green Procurement” policy, integrating voluntary environmental requirements in supplier requests for information (RFIs). For example, the Company’s procurement tenders (RFQs), are rated for environmental aspects material to the procurement sector.

## **Widening our Circles of Influence**

As part of our environmental responsibility we strive to foster environmental awareness among our stakeholders, including our employees. To this end, we hold a variety of environmentally conscious activities and encourage employees to take environmental initiatives, change behavior patterns and adopt environmental practices in their daily lives. Among the measures we have taken to achieve this:

- **Communication and awareness raising** – We utilize the employee and agent organizational portals to communicate key environmental issues through practical perspectives and tips on an ongoing basis and specifically during special events such as Earth Day or Recycling Day.
- **Volunteering** - We promote environmental issues through employee volunteer work, helping to raise employee awareness and protect the environment. See the chapter “Social Responsibility and Community Engagement” for more detail.



- **Recycling and Reuse** - We encourage our employees to bring empty bottles, unused medication, batteries and used clothes to the designated collection bins placed throughout the Company. The Company sends these items to be recycled or reused and as such creates both environmental and social value. As part of this activity, funds from bottle recycling were donated to finance student scholarships through a partnership with the MALI Association – The Center for Enterprising Citizens.

Recycling	2019	2020
Bottles	13,700 bottles (scholarships amounting to NIS5,000)	5,850 bottles (scholarships amounting to NIS2,805)
Clothes	85.4kg	42kg
Medication	85.4kg	42kg
Electronics *	842kg	1,195kg

\* Electronic waste refers not only to electronic waste collected by Company employees but to the total electronic waste collected by Harel and transferred to recycling centers.

### **Sustainability Week 2019 at Harel Finance**

As part of Harel Finance's commitment to implement ESG principles in its practices, the company initiated the "Sustainability Week" event to mark the launch of its pro-environmental activities at the intra-organizational level. The event consisted of lectures and training sessions on the subject, including a talk by environmentalist Miki Haimovich on the "Meatless Monday" initiative, a "swap meet" where employees exchanged second-hand books, clothes and toys, a conference providing a platform for innovative environmental solutions and more. "Sustainability Week" also marked the launch of two pilot programs - the Car-Pool project in collaboration with WAZE and an initiative to end the use of disposable plastic in our offices. As part of this initiative, each employee received a kit of reusable tableware for the office - a cup for hot drinks, a bottle for cold drinks, plates and cutlery. With the outbreak of COVID-19, the implementation of these projects was paused. We plan to reinstate the projects and review the possibility of integrating them throughout the Company in the upcoming year.

## **ETHICS AND CORPORATE GOVERNANCE**

### **Ethics at Harel**

Harel Insurance Investments and Financial Services Ltd. is one of the largest public insurance and financial groups in Israel and as such is committed to proper organizational culture based upon ethical principles. We believe that our adherence to these principles and the Code of Ethics is fundamental for achieving excellence in operations and business leadership.

### **The Code of Ethics - Harel's Compass**

The Code of Ethics constitutes our corporate ethical identity and consists of six core values that form an integral part of our organizational culture and serve as a compass that guides our actions and decisions. The Code of Ethics reflects the values we wish to embody as an organization and establishes the expectations from every Group employee as it provides a decision-making tool to help determine the appropriate course of action. The Code of Ethics conforms to the nature of Harel's operations and shapes the relationships with our stakeholders in an effort to enhance transparency and reinforce the values of trust and integrity.

Our Code of Ethics is a "living" and dynamic document, continually edited and updated in accordance with the changes that apply to our business and organizational reality in order to provide an optimal response to our employees and management when faced with ethical dilemmas. Furthermore, the Code is updated to address issues arising from surveys and dialogue with our stakeholders including employees, managers, agents, investor representatives and more.

In 2020 a link to our updated Code of Ethics was sent to our agents and principal suppliers through text message and uploaded to the agent portal.

The Group's Code of Ethics can be found on [Harel's website](#).

### **Ethical Reporting**

Harel's VP of Public Inquiries serves as the Group's Ethics Supervisor. Harel encourages its employees to contact our Ethics Supervisor to discuss or report any potential legal or ethical violation. Reports can be made through a variety of channels, directly by phone, email and the like, and indirectly through other entities in the Company, including departmental managers or HR staff members.

Each report is handled in a professional and confidential manner, with the reporting employee supported throughout the inquiry process and sometimes even once the process is complete. Every report undergoes a comprehensive inquiry process by the Supervisor within a few days, which includes, among others, a discussion with the charged party and other relevant parties, gathering evidence such as written documents, correspondence, photos and more. The Supervisor compiles a report and a resolution and delivers a summary of findings to the parties involved. During the COVID-19 lockdowns in early 2020, some of these inquiries were conducted online, yet in-person conferences were held when deemed necessary.

### **Integrating Ethics in Organizational Culture**

We work to integrate the Code of Ethics in our organizational culture in an effort to ensure that the Code is implemented in the day-to-day conduct of each of the Company's employees. Our annual implementation plan includes:

- Annual online ethics training is mandatory to all employees and requires the employee's agreement to abide by the Group's Code of Ethics.
- An annual newsletter reviewing the Code of Ethics is distributed as a refresher.

- New employees receive a copy of the Group's Code of Ethics along with their employment agreement and are required to sign that they have read and agreed to its terms.
- New employees are introduced to our consulting and reporting mechanisms and participate in a variety of related lectures such as prevention of sexual harassment, procedures for the prevention of embezzlement and fraud, etc.
- Ethical dilemmas are raised and discussed during employee conferences with management.

## Corporate Governance

Proper and responsible corporate governance is a key prerequisite to the stability of the Company and its ability to provide customers with peace of mind. Harel's Board of Directors is responsible for determining Group policies, defining its strategy and ensuring its financial resilience. The Board shapes the corporate strategy while considering industry trends, challenges, new opportunities and, of course, threats.

Harel's Board of Directors operates in accordance with the written rules and procedures as annually reviewed and adopted by the Group, as well as pursuant with the provisions of the Capital Market, Insurance and Savings Authority, as detailed in the Consolidated Circular "Board of Directors of a Financial Institution," which guides and defines the composition of the Board, the competence and professional qualifications of its members, etc.

### Members of the Board of Directors

Our Board of Directors is diverse and includes a representation of women, the Arab population, and a variety of age groups.

### Directors with professional expertise in risk management

2019: 7    2020: 6

### Members of the Board

	Men	Women
2019	9	2
2020	8	2

### External Directors

	Men	Women
2019	2	2
2020	1	2

Numbers of Board meetings convened: 2019: 13    2020: 19

7 Directors with accounting and financial expertise

\* The figures represent the Board of Directors of Harel Insurance Investments and Financial Services

## **Board Committees**

**Remuneration Committee** - Reviews the framework of the remuneration policy and the terms and conditions of employment of controlling shareholders and executive directors.

Number of meetings convened: 2019: 3 2020: 5

**Audit Committee** – Responsible, among other things, for establishing the Group's and its subsidiaries' internal audit plan and reviewing the internal audit reports of the subsidiaries. In addition, the committee is responsible for overseeing the financial reporting process.

Number of meetings convened: 2019: 6 2020: 7

**Nostro Investment Committee** – Reviews investments performed by the subsidiaries and submits its conclusions and recommendations to the Board. In addition, the committee submits recommendations for the Group's and its subsidiaries' investment management policy.

Number of meetings convened: 2019: 27 2020: 32

## **An Effective and Active Board of Directors**

Harel ensures the effective performance of its Board of Directors and strives to create a real connection between the Board and the Company through a close understanding of the day-to-day challenges in the field. For example, during the COVID-19 pandemic, the Board convened more frequently through telephone conference calls and the Teams platform.

In addition, the directors receive regular updates on material operational events in the Company and training is offered by the Company's professional entities during Board Meetings. Each meeting is dedicated to a different material issue, including issues of corporate responsibility. We maintain a high attendance rate at meetings, regularly nearing 100%, and monitor the attendance rate of Board members. Moreover, annual training sessions are held in order to promote the professional development of the Board members. The Company's Board orientation program enables new directors to meet with position holders and executives in the Company who present their area of responsibility in detail.

## **The Role of the Board of Directors in Investment Management**

The Group's Board of Directors, together with the Board's Investment Committee, oversees the Group's investment activities, outlines the Group's investment management strategy and formulates the general investment policy, updating these on an annual basis. In addition, the Boards of the relevant subsidiaries outline each company's specific investment policy as it relates to its activity. The Board's Investment Committee performs a quarterly review of the Company's compliance with the investment policy and receives regular updates from the subsidiaries. The investment policies of all our subsidiaries are published on the Group's website.

We are aware of the growing trend towards ESG investments and their impact on investment portfolios, both in terms of risk management and in terms of investment performance. In early 2021, we contacted an external consulting company to help establish an ESG investment policy, in accordance with the draft circular of the Capital Market, Insurance and Savings Authority. This policy will define environmental, social and corporate governance considerations relevant to the investment portfolio's performance and identify material emerging ESG risks that may impact an investment (such as technological risks, cyber risks and other emerging risks). In addition, the Investment Committee will formulate rules and procedures for the development of the institutional investor's expertise in examining such aspects, considerations and risks.

On July 1<sup>st</sup>, 2021, after the reporting period, Nir Cohen was appointed as CEO of Harel Insurance. Additional details regarding the Board of Directors and its committees can be found on the [Company's website](#) and in Harel's [financial reports](#).

## Proper Governance

Harel operates in an extensive and complex regulatory environment that includes primary legislation, standardization and regulation. This environment regulates the Group's operations, its management, the way in which external and internal audits are conducted and the segments in which it may operate. We are committed to observe the provisions of the law and to comply with the directives of regulators and government authorities. In addition, we formulate internal mechanisms and procedures designed to ensure proper Group administration.

### Internal Enforcement and Compliance Program

Harel has adopted an internal enforcement and compliance program<sup>4</sup> relating to securities law, the provisions set forth by the Commissioner of the Capital Market, Insurance and Savings, Antitrust and Labor Laws. The Group's Board of Directors and the Boards of its subsidiaries update these programs from time to time, as needed and in accordance with the law.

The Internal Compliance and Enforcement Supervisor, the VP of Regulation and the Director of Compliance, SOX and Procedures – are responsible for reviewing the publication of new circulars and legal provisions and implementing them through the relevant parties. The units subject to the new regulations are responsible for formulating work procedures and integrating them among the employees and for updating procedures according to regulatory amendments. The Compliance and Enforcement Department, Harel Finance's Control Department, and the Group's internal auditor are responsible for overseeing the proper implementation of the internal compliance and enforcement program.

In an effort to ensure the effective implementation and integration of the internal compliance and enforcement programs among Group employees and key position holders, we conduct seminars and ongoing training sessions, make use of dedicated online courseware and establish accessible anonymous reporting channels. In addition, the enforcement program is available for all employees on our organizational portal. In order to assist in the formulation and implementation of the internal compliance

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<sup>4</sup> The compliance programs aim to implement the Securities Authority Enforcement Procedures (Statutory Amendments), 5771-2011, the guidelines set forth under the Law for Increasing Enforcement in the Capital Market (Legislative amendments) 5771-2011, the Commissioner of Capital Market, Insurance and Savings in the Ministry of Finance Institutional Entities Circular 2019-9-20 "Managing Compliance Risks in Institutional Entities", the commissioner's position, provisions of the antitrust laws (restrictive trade) and the Act for Increasing Enforcement of Labor Laws.

and enforcement programs, we have established steering committees dedicated to the enforcement programs relating to financial services, securities and antitrust matters.

### **Preventing Conflict of Interest**

We are committed to operate in accordance with applicable laws and execute all relevant provisions while adhering to the Group's Code of Ethics. The members of our Board are subject by law to the duty of care, fiduciary duty, a duty to maintain corporate governance and other obligations pursuant to the directives of the Capital Market, Insurance, and Savings Commissioner. Furthermore, in order to ensure the segregation between the executive functions and the supervisory functions, Harel's Chairman of the Board does not serve as the Group's CEO. In addition, all members of the Board are not subject to the CEO, and directors who hold a personal interest in approving transactions on the agenda do not participate in the vote.

### **Functional Separation Procedure**

Dedicated to preventing corruption and the use of inside information, the subsidiary, Harel Investments, has adopted a functional separation procedure ("Chinese Walls") between itself and the institutional entities and subsidiaries it controls. Accordingly, employees who may be exposed to inside information in the course of their duties will not concurrently hold another position involving securities transactions or provide the Group or others with securities related advice or consultations. These procedures were approved by our subsidiaries and a separate procedure was established for Harel Finance.

### **Preventing Embezzlement and Fraud**

As a financial services provider, we adhere to the highest standards of ethical conduct and hold a responsibility for preventing corruption, embezzlement and fraud, which may significantly impact our policyholders and customers and their confidence in us.

The nature of our activity, the organizational structure and hierarchy that distinguish our company and the scope of assets under management expose us to potential fraud and embezzlement, both by factors within the Company, such as position holders and employees, and by external factors, including pension advisors, agents and suppliers. In an effort to contend with these threats, Harel established a systematic framework for preventing, detecting, reporting and mitigating the potential consequences of such events. This policy is defined in the Company's work procedures and Code of Ethics, guiding Company employees on issues such as conduct, discipline, and work ethics. As a means to integrate the procedures within the Group, every new employee is required to participate in an online training session on embezzlement and fraud prevention and a refresher e-mail on the subject is distributed to all employees once a year. Harel encourages reporting of suspected embezzlement or fraud committed by employees, managers, agents,

suppliers, policyholders, customers or other parties to the Group's Risk Manager, Legal Counsel or anonymously to a comments and suggestions box in accordance with the internal enforcement and compliance program.

#### Training Hours – Employees

2019: 6,389 2020: 8,471

#### Training Hours – Management

2019: 1,358 2020: 2,712

### Remuneration Policy

Harel has formulated a detailed [remuneration policy](#) that aims to drive business performance, promote accountability and ensure that senior executives interests are closely aligned with the Company's goals and strategy, as well as to retain quality human capital in senior positions.

The Remuneration Policy is in compliance with the provisions of the Companies Law, the limitations prescribed in the Compensation for Executives of Financial Institutions Law, and the Consolidated Circular (Compensation Circular) issued by the Commissioner of the Capital Market, Insurance and Savings in 2019. The remuneration policy is further defined in accordance with the Company's goals and strategy, risk-management policy, employment terms, generally accepted salary and compensation terms among similar companies in the industry and on the basis of other organizational considerations. The Board's Remuneration Committee regularly reviews the policy's principles and evaluates it at least once every three years.

### Internal Audit

The Group's internal audit function is headed by the Company's auditor, who has been appointed by the Board of Directors. A number of the subsidiaries appointed additional internal auditors. The audit function operates according to a multi-year plan that is updated every four years, alongside a dedicated annual work plan. The purpose of the multi-year plan is to ensure that throughout the four-year timeframe all material and relevant issues to the Company's operations will be audited. Four reports are submitted to the Board's Audit Committee each year, and the committee convenes to discuss each report with the audited parties to discuss the findings. The multi-year work plan is based on periodic internal risk surveys, conclusions of previous audits, various changes and organizational and regulatory events, etc.

#### Audit Hours

2019: 63,586 2020: 67,241



## Risk Management<sup>5</sup>

Risk management is the core operational principal of the insurance and financial industry - understanding, forecasting and risk-taking. The Group's activities expose it to a variety of risks, mainly: insurance risks, market and credit risks, along with operational risks, legal, goodwill, liquidity and business risks. Therefore, we maintain a cautious and responsible approach to risk management through a comprehensive policy, detailed procedures for identifying, measuring and managing risks, and regular monitoring and reporting. When it comes to risk management in the insurance and financial industry, we believe one can never be too careful.

Risk management at Harel is managed through a Group perspective by the Group's Risk Manager, who is a key factor in the Group's operations and is responsible for risk management at Harel Insurance, the institutional entities under its control and Harel Finance. The Risk Manager operates independently and separately from the business units, objectively reviewing the risks and collaborating with other units such as the Actuarial Department, the Investment Division's Control Unit, the Reinsurance Department and Accounting.

The Group's Board of Directors and the Boards of its subsidiaries oversee business operations involving risk-taking as well as the risk management processes, by defining relevant policies and strategies. This supervision includes, inter alia, establishing risk management procedures and setting limits on risk exposure, as well as defining compliance protocols. The Board receives reports and periodically reviews risk management data from the various units. As of 2019, in accordance with regulatory guidelines, risk management committees within the Group's institutional entities, Harel Insurance and Harel Pension & Provident, submit a quarterly report to the Group's Risk Manager, Group management and Boards of Directors.

### **Risk Identification, Evaluation, Measurement, Management and Monitoring**

We operate in accordance with the established **risk management policy**, which guides and ensures the implementation of procedures for identifying, evaluating, measuring, managing and monitoring the risks in a proactive and predetermined manner. This effort aims to ensure a controlled exposure to risks while meeting regulatory demands and maintaining the Group's business objectives, goodwill and financial stability. Risk management methodology and procedures are reviewed and updated on an ongoing basis,

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<sup>5</sup> Further details can be found in Harel's Annual Financial Report for 2020 – note 36

through a consideration of the Group risk management policy, changes in the Israeli and international business environments and regulatory guidelines and requirements.

We continuously invest in improving risk management and control mechanisms, in training dedicated personnel, in technology and in detailed work processes. Our efforts allow us to comply with all regulatory provisions and fully implement Group risk management policies, while reducing exposure to risks associated with Group operations.

As such, in 2019 Harel uploaded the WTW actuarial system by the risk consulting firm, Willis Towers Watson, to Azure, Microsoft's cloud computing platform. Migrating the system from the Company's servers to the cloud offers Harel's actuaries maximum flexibility and allows them to perform better, more accurate calculations in real time, using risk models that reflect complex scenarios that will help meet an increasingly stringent regulatory environment. This has been a long and intricate process in which we have invested hundreds of thousands of shekels and we are proud to be the first insurance company to upload such critically important applications to a cloud platform.

### **Risk Management in the Modern Age**

We are aware of the changes ensuing in the risk environment due to social, economic, technological and environmental transformations and are preparing for them accordingly. As a group engaged in long-term savings, health, insurance and financial security, we are concerned about climate change and recognize that it may pose a risk to the basic interests of our stakeholders, principally our customers. Thus, beginning in 2018, Harel, much like other leading corporations around the world, manages its environmental risks. In doing so, our exposure to these risks was assessed and the conclusions presented to the Board's risk management committee. We continue to periodically review our environmental risks as part of the Group's risk management activities. In 2021 the Group's Risk Manager will conduct an assessment of our exposure to climate change risk, which is ranked high on global risk maps and has recently received significant regulatory focus. In addition, we will review the exposure to risks arising from social instability and prepare to evaluate cyber risks as detailed below.

## Cyber Risk Management and Information Security

Our approach to cyber risk management and information security is based on a three layer model: a technological layer, threat intelligence and incident response layer, and the regulatory, organization and methods layer. In addition to our operational deployment, we are insured against cybercrimes and various cyber events.

The cyber world is rapidly changing and evolving and we remain constantly vigilant and attentive to every change and development, preparing accordingly and training our staff for any new threat.

We operate in accordance with the provisions of the 2016 Institutional Entities Circular on “Cyber Risk Management in Institutional Entities” and in accordance with the Group’s policy on the subject, which has been formulated by the Group’s Board of Directors and published transparently on our website. Cyber risk management policies include reference to the personal data we collect, information security and encryption, online fraud (“phishing”) and more.

Concurrently, we conduct regular surveys and penetration tests to assess the potential impact of information technology risks on the Group’s core processes and information systems, including such events with the potential to cause harm.

### **Managing the Impact of COVID-19 on Cyber Security**

The coronavirus outbreak forced a shift to remote work at scale, a change in our corporate culture that has created new operational and security challenges. Work from home was conducted through a secure system that required the operation of wide-scale control mechanisms. At the same time, this period saw an increased volume of cyber-attacks that required real-time response to threats and risks, while faced with a complex reality where available manpower may be disrupted. As part of the Company’s overall risk management process, substantial steps were taken to protect the Company both in terms of infrastructure and in respect to the numerous cyber threats that characterized the period.

Throughout this time, the Company received regular updates from intelligence sources and worked alongside the Israel Cyber Authority performing comprehensive reviews of the Organization’s cyber resilience and proactively reinforcing the Company’s defense infrastructures. In addition, the Company increased the number of available cyber teams in an effort to provide a rapid response to requests from employees, service providers and customers. Furthermore, the control and investigation system was

reinforced in order to detect data loss and suspicious attempts to access the Company's network. The Company continued to promote employee and agent awareness to the prevalent cyber threats during the COVID-19 crisis.

## **Business Continuity – No matter the circumstances, Harel is always there for you**

We are committed to maintain business continuity in every situation and strive to ensure and continually improve the Group's Disaster Recovery Plan (DRP). Our business continuity is focused on two levels:

1. Readiness for systems failure - ensuring continued activity during a computer and information systems crisis
2. Readiness for a catastrophe in our headquarters or principal offices that can lead to employee unavailability

We conduct drills to ensure disaster recovery in case of a disruptive (catastrophic) event during which selected logistic processes are tested and key systems and software are activated from the alternative site. We operate in accordance with the disaster recovery plan procedures and in compliance with the provisions of the Ministry of Finance on the subject. The procedures aim to provide an appropriate plan of response in an event of emergency and establish measures to mitigate any consequences that may negatively impact the Group, its customers, suppliers and employees. We update these procedures from time to time to reflect any changes that have taken place in the Group. In addition, refresher courses and training are provided to relevant parties within the departments, management and the Board of Directors.

Throughout the COVID-19 crisis, we maintained technical and operational business continuity and enabled remote work at scale. Within just one day, our Technology Division facilitated the transition of the entire company to remote work in an effective and responsible way, reflecting Harel's business stability in times of crisis.

## **Information Security and Customer Privacy at Harel**

The public considers Harel a reliable, responsible, and safe company and our data collection is conducted accordingly - in a thoughtful and responsible manner. We are committed to responsibly manage the information we receive and to maintain the privacy of our customers. Accordingly, we pledge the utmost transparency to our customers regarding the personal information collected by the Company with their consent. We are further responsible to securely store this information, as part of our vision to provide our customers with peace of mind. The Company promotes this issue through relevant professionals in Israel

and abroad. We work to implement work processes and the latest technological advancements for the purpose of securing our customers' information and protecting their rights. Our business continuity and disaster recovery plans are part of our ongoing effort to uphold our corporate responsibility towards our customers.

## ABOUT THIS REPORT

### Harel Group Corporate Responsibility – ESG Report

We are pleased to present you, our customers, employees, and all our stakeholders, with Harel's fifth Corporate Responsibility Report, reviewing the Group's principal activities in Israel during the years 2019-2020.

**Harel was the first insurance company in Israel to publish a Corporate Responsibility Report in 2011 and has continued to report regularly ever since.** This report serves as another means for us to operate with transparency toward our stakeholders and to reliably and comprehensively present issues identified as material to the Group's operations. Additional details regarding the Group and its activities can be found in the annual financial reports for 2019 and 2020 published on our website.

Harel's Corporate Responsibility Reports reflect our management's ongoing commitment to promote sustainability and corporate social responsibility as an integral part of our operations. In these report, we address activities in all areas of corporate responsibility, including creating value for our customers, service quality, community engagement, nurturing our human resources, ethical conduct, corporate governance, environmental responsibility and more.

The report was prepared in accordance with the Sustainability Report Standards (SRS) of the Global Reporting Initiative (GRI) "Core" option. A third-party external assurance process was not completed prior to the publication of this report. In addition, the report was prepared in part under the SASB (Sustainability Accounting Standards Board) guidelines, addressing the following topics: selling practices and products, impacts of climate change, employee engagement, diversity and inclusion, and risk management.

This report was prepared with the assistance of Good Vision – a Corporate Responsibility Consulting Firm, a member of the Fahn Kanne & Co. Grant Thornton Group, a GRI Organizational Stakeholder and a member of the SASB Consultant Content Program.

For further information about this report and its contents, please contact:

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We would like to take this opportunity to thank all those who invested their time and assisted in compiling information for this report, examining and writing it. Among them, Bar Zenesko (former Corporate Responsibility Coordinator at Harel), Noya Ilani and Liad Klang (former Corporate Responsibility Consultants at Good Vision), Studio Merchav: Graphic Design, Shachar Kober: Illustrations, Yael Cherni: Copywriting.

## **MATERIAL TOPICS AND BOUNDARIES**

Identifying material topics was conducted through a three step process:

1. Identifying material topics through intra-organizational processes - conducting ongoing dialogue and engagement with the Company's stakeholders, through: internal surveys, feedback and customer surveys, interviews with various parties within and outside the Company, analysis of public inquiries, Maala rankings and more.
2. Identifying material topics through external databases –
  - Review of the GRI (Global Reporting Initiative) standards, for the identification of potential material topics for stakeholders by sector
  - Review of material issues identified by SASB (The Sustainable Accounting Standards Board)
  - Aligning topics against global benchmarks for leading companies in the same industry
  - Review of the UN Sustainability Development Goals (SDGs)
  - Review of reports by the Commissioner of the Capital Market, Insurance and Savings for the years 2019-2020
3. Mapping material topics - Creating a materiality matrix that maps all topics identified and prioritized as pertinent to Harel and their social, environmental and economic impacts, and defining the boundaries of each topic within and outside the organization.

### **Table of Material Topics**

#### **Governance:**

Risk Management  
Ethics and Corporate Governance  
Bribery and Corruption Prevention  
Information Security, Cyber and Customer Privacy  
Sales Practices, Marketing and Product and Services Branding,  
Innovation and Digitization

#### **Social:**

Service Quality and Customer Experience  
Employment and Employee Rights

Employee Training and Development  
 Community Involvement and Volunteering  
 Diversity and Inclusion  
 Employee Dialogue and Engagement

**Environment:**

Responsible Investments  
 Products with Environmental/Social Value  
 Climate Change  
 GHG Emissions  
 Responsible Waste Management  
 Resource Management

\* The topics are presented in no particular order

**Material Topics Reporting Boundaries**

The report refers to Harel, as defined in the chapter “The Harel Group.” Except where otherwise expressly stated, the data in this report describe the Group’s activities in the companies and office buildings which are wholly owned by the Group and used in its day-to-day operations.

Reporting Topic	Reporting Scope	Chapter
Service Quality and Customer Experience	Within and outside the Company	Customers, Products and Service
Innovation	Within and outside the Company	Customers, Products and Service
Sales Practices, Marketing and Product and Services Branding	Within and outside the Company	Customers, Products and Service
Products with Environmental/Social Value	Within and outside the Company	Customers, Products and Service
Employment and Employee Rights	Within the Company	Our Employees
Training and Development	Within the Company	Our Employees
Diversity and Inclusion	Within the Company	Our Employees
Employee Dialogue and Engagement	Within the Company	Our Employees
Community Involvement	Within and outside the Company	Social Responsibility and Community Engagement
Climate Change and GHG Emissions	Within and outside the Company	Environmental Sustainability

Responsible Waste and Resource Management	Within the Company	Environmental Sustainability
Risk Management	Within and outside the Company	Ethics and Corporate Governance
Ethics and Corporate Governance	Within the Company	Ethics and Corporate Governance
Information Security, Cyber and Customer Privacy	Within and outside the Company	Ethics and Corporate Governance

## Stakeholders Dialogue

We are committed to maintaining engagement and transparency with our stakeholders in general, and with our investors in particular. Thus, we aim to provide our investors and shareholders with comprehensive, transparent reporting and an ongoing dialogue. Within this framework:

- We regularly update the “Investor Relations” section on the Group’s website to allow access to current and reliable information
- We hold annual and special meetings to update shareholders
- After the publication of our interim financial results, we publish a quarterly investors presentation on the official reporting websites of the Securities Authority and the Tel Aviv Stock Exchange (“MAGNA” and “MAYA”)
- Throughout the year and specifically after the publication of the Group’s financial statements, we hold regular discussions with analysts and investment managers, in order to review issues related to the financial results
- During the year we hold meetings with investment houses and institutional investors in an effort to clearly convey our management’s overview to the investment teams of the various entities. These meetings enable the transfer of information on the basis of which investment decisions regarding Harel’s shares and bonds are made
- We employ investor relations consultants, who support and advise on our ongoing communications with the capital market and the investor community

As another layer in our effort to deepen the dialogue with our stakeholders, Harel has partnered with the Entropy Group, a consulting firm advising investors and issuers on matters of corporate governance and corporate responsibility and assisting companies and corporations in implementing comprehensive control systems and improving the corporate governance aspects of their operations. This collaboration is designed to enhance and improve the quality of our corporate governance and reduce the resulting risks, while focusing and optimizing resources and creating a positive dialogue between our investors and the various regulatory bodies.

In addition, we invest in the development of numerous and varied communication channels for each stakeholder group in order to promote an ongoing, accessible and effective dialogue in a manner that enables us to be attentive to their needs and worthy of their trust. The various dialogue channels are



detailed throughout this report as are the topics material to each stakeholder group, including: customers, employees, agents, regulators and government bodies, community and the environment.

## GRI INDEX

**Table 1: Terms of Employment**

	2019				2020				GRI
	Men	Women	Total	%	Men	Women	Total	%	
<b>Total Employees</b>	1,430	3,224	4,654	100%	1,344	3,117	4,461	100%	102-8
<b>Full Time</b>	1,392	3,017	4,409	94.7%	1,293	2,892	4,185	93.8%	102-41
<b>Part Time</b>	38	207	245	5.3%	51	225	276	6.2%	
<b>Permanent Employees</b>	1,413	3,068	4,481	96.3%	1,322	2,985	4,307	96.5%	
<b>Temporary Employees</b>	17	156	173	3.7%	22	132	154	3.5%	
<b>Outsourced vocational workers</b>	170	129	299	6.4%	232	145	377	8.5%	
<b>Outsourced employees recruited as Company employees this Year</b>	8	27	35	4.4%*	21	38	59	7.5%*	
<b>Employees under Collective Agreements</b>	0	0	0	0.0%	0	0	0	0%	

\*Out of all outsourced employees who were hired in the previous year.

**Table 2: Employee Geographic Diversity**

	2019		2020		GRI
	Number of Employees	%	Number of Employees	%	102-8
<b>North</b>	463	9.9%	462	10.4%	405-1
<b>Center</b>	3,952	84.9%	3775	84.6%	
<b>South</b>	239	5.1%	224	5.0%	

**Table 3: Age Diversity**

	2019					2020					GRI
	Men	Women	Total	%	Average Age	Men	Women	Total	%	Average Age	405-1
Under 30	344	1,015	1,359	29.2%	37.7	308	929	1,237	27.7%	37.9	
31-50	880	1,766	2,646	56.9%		850	1756	2,606	58.4%		
Over 50	206	443	649	13.9%		186	432	618	13.9%		
Total	1,430	3,224	4,654	100.0%		1,344	3,117	4,461	100.0%		

**Table 4: Age Diversity at Management Levels**

	2019				2020				GRI
	Men	Women	Total	%	Men	Women	Total	%	405-1
Under 30	8	35	43	5.7%	13	34	47	6.1%	
31-50	209	345	554	73.5%	214	344	558	72.4%	
Over 50	74	83	157	20.8%	73	93	166	21.5%	
Total	291	463	754	100.0%	300	471	771	100.0%	

**Table 5: Gender Diversity**

	2019				2020				GRI
	Men	%	Women	%	Men	%	Women	%	102-7 102-8 405-1
Total Employees	1,139	29.2%	2,761	70.8%	1,044	28.3%	2,646	71.7%	
Total Management	291	38.6%	463	61.4%	300	38.9%	471	61.1%	
Executive Management	72	65.5%	38	34.5%	76	65.0%	41	35.0%	

**Table 6: Employee Seniority (in years)**

	2019				2020				GRI
	Men	Women	Total	Average Seniority	Men	Women	Total	Average Seniority	405-1
2 years or less	440	953	1,393	7.3	373	812	1,185	7.6	
3-5 years	346	621	967		340	638	978		
6-10 years	306	759	1,065		301	733	1,034		

11-15 years	177	387	564		188	423	611		
16-20 years	69	232	301		63	212	275		
21-30 years	68	206	274		60	236	296		
31 years and over	24	66	90		19	63	82		

**Table 7: Employee and Management Turnover**

	2019			2020			GRI
	Men	Women	Total	Men	Women	Total	401-1
Total Group Employees and Management	30%	33%	32%	34%	28%	30%	
Not Including Call and Sales Centers	15%	22%	19%	22%	18%	19%	
Call and Sales Centers Only	82%	66%	70%	68%	53%	57%	

**Table 8: Maternity and Parental Leave**

	2019			2020			GRI
	Men	Women	Total	Men	Women	Total	401-3
Took Parental Leave	9	361	370	0	369	369	
Returned from Parental Leave	8	251	259	3	268	271	
Still Out from Parental Leave	3	144	147	0	116	116	

**Table 9: Training**

	2019	2020	GRI
Total Training Hours	97,921	65,770	404-1
Average Training Hours	21 Hours	14.5 Hours (COVID-19 Outbreak)	
Percentage of Training Required under Regulations	70%	72%	404-2
Percentage of Training for Personal Development	30%	28%	