

Corporate Responsibility Report



Environmental, Social and Governance Report





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Statement of Management

We are proud to present the corporate responsibility report of Altshuler Shaham Investment House (the “Investment House”) for 2020, which reviews a year of extensive economic, environmental and social activity. This is the first report of its kind published by the Investment House, and reflects our commitment to our stakeholders to operate transparently, reliably and fairly, while taking into account all of the factors which affect, and are affected by, our activity. We are aware that along with maintaining our leadership and business excellence, we also have a broader responsibility, and must create social and environmental value for the benefit of our customers, employees, investors, suppliers, partners and the general public.

2020 was a year which not only presented us with health, economic and social challenges the likes of which we had never seen before, but which also redefined most areas of our lives. Already in late February we faced market conditions which had not been seen since the financial crisis of 2008. Following the tremendous market volatility, and the associated uncertainty, we were required to evaluate our available options on a frequent and daily basis, and to implement processes, sometimes rapidly and creatively, in order to best respond to the crisis and its implications.

Most of our attention was directed to our customers, whom we continued serving without interruption, while providing high-quality investment management services. We thank them for their considerable trust in us over the years, and particularly during the last year, and commit to continue working towards achieving maximum returns for our customers over time, while ensuring transparency, reliability and integrity – the core values of the Investment House.

We also executed a rapid and smooth transition of most of our employees to a work from home arrangement, while maintaining continuous contact with them. We adjusted our community activities according to social distancing restrictions, and provided solutions for the unique needs which arose in the community during this unusual year. As of this report's publication date, one of the main challenges faced by the Investment House and its employees, the State of Israel, and the entire world, is the Covid-19 pandemic and its far-reaching implications for health, society and the economy, and we are therefore continuing to prepare in order to respond in the best way possible.

Our investment managers and analysts are working on identifying trends and appealing investment opportunities which we believe present greater opportunities than risks, from a long term perspective – which is one of the fundamental principles of our approach to investment management.

As part of our approach to risk management, and our first-priority commitment to maximizing returns for our customers, our guiding policy during the last two decades has been to avoid investing in companies with high ESG risks, based on the belief that those companies will **not** produce value over time. In light of the above, in the beginning of the third quarter of 2021 (and during the process of writing this report), we announced that we would not make any new investments in companies whose activities are primarily based on fossil fuels - an announcement which represents a significant step for us.

Evaluating the environmental practices of businesses, and our ability to affect them, is not new for us, as it follows the “green mutual fund” which was launched in 2005, a pioneer in its field. We further aim to invest in companies which, along with their economic value, also contribute to making the world a better and cleaner place for future generations.

This report includes a description of the various products that we offer to our customers, continuous HR developments, and the innovative measures which are implemented in our various branches of activity.

We believe that a robust business infrastructure, equipped with advanced technology and emphasizing safety, environmental protection and high quality operations, is necessary for a strong and sustainable company.

We are committed to community, social and environmental issues. Social involvement has always been a part of our spirit. We raise monetary donations and volunteer in the community, focusing on the future generation and promoting values which are consistent with our core values, mostly in the fields of education, children and sports.

We believe that an owner-managed business has a unique DNA, and we bring our passion for action to work with us each and every day. In the coming years, we will do everything in our power to continue leading the field of investments and savings in Israel. We will also work on developing in new areas and additional business markets, on identifying future trends and attractive investment opportunities, on promoting innovation and on creating ventures which offer value to the Investment House.

Finally, we would like to thank the company’s employees - the source of our pride. Our employees are full partners in our day-to-day work, and many of them have also contributed to the formulation and publication of this report. Thanks to their willingness to take personal and mutual responsibility, even in uncertain times, they allow the Investment House to successfully meet the challenges it faces. We would also like to thank the customers of the Investment House, and our many partners in action and on the path, without whom we would not be able to maintain the spirit that forms the basis of this report.

Sincerely,

Ran Shaham
Joint CEO



Gilad Altshuler
Joint CEO, Founder and Co-Owner



Kalman Shaham
Founder and Co-Owner



Chen Altshuler
Head of Innovation



Yair Lowenstein
CEO and Owner of Pension and Provident Funds Company



Company Vision



Altshuler Shaham Investment House strives to achieve excellence and leadership in the capital market.



We are committed to working towards achieving maximum returns for our customers over time, while ensuring transparency, reliability and integrity, which form our company's core values.



We strive to frequently improve the service quality we provide to our customers, and consider them a part of the Altshuler Shaham family.



We provide our employees with a warm and professional home, encouraging excellence along with teamwork and a welcoming environment.



Altshuler Shaham and its employees are committed to cultivating the community and protecting the environment, in order to create a better present for all of us, and for our children - an excellent future.

About

Background

The Investment House was formed in 1990 by Gilad Altshuler and Kalman Shaham, and is one of the largest leading investment and savings entities in the Israeli economy. **Altshuler Shaham Ltd.** is a private company owned by Gilad Altshuler (44.81%, of which 27.16% is held by a trustee), Kalman Shaham (44.81%, of which 27.16% is held by a trustee), Roni Bar (9.89%, of which 26.73% is held by a trustee), and Altshuler Shaham Trusts Ltd. (0.49%). The Investment House is managed by two joint CEOs with many years of experience and expertise - Gilad Altshuler and Ran Shaham, and incorporates a group of companies in various fields of finance, including Altshuler Shaham Provident and Pension Funds Ltd. (the "**Provident and Pension Company**"), which has been operating since 2002. The CEO of the Provident and Pension Company is Yair Lowenstein.

Provident and Pension Company

The Provident and Pension Company is a managing company of pension funds and provident funds pursuant to the Control of Financial Services (Provident Funds) Law (2005), and is a subsidiary of Altshuler Shaham Ltd. ("**Altshuler Shaham**"), as part of the Investment House. The company specializes in long-term savings, and specializes in the management of study funds, provident funds and pension funds. On July 22, 2019, the Provident and Pension Company launched an IPO on the Tel Aviv Stock Exchange, and thereby became the first Provident and Pension Company in Israel. The company is held by Altshuler Shaham (55.9%), Yair Lowenstein Holdings Ltd. (14.06%) and the public (30.04%).

In recent years there has been a significant increase in the scope of activity, operating segments, and market shares of the Provident and Pension Company. This increase is due, inter alia, to the excess average returns which have been achieved by the Provident and Pension Company over the years in its provident funds and study funds, and thanks to its strong reputation in the industry.



As of December 31, 2020, total assets managed by the Provident and Pension Company amounted to approximately NIS 164.9 billion, on behalf of approximately 1.8 million customers, including the self-employed, salaried employees, employers and association members (such as kibbutzim). The Provident and Pension Company offers its customers a wide variety of products and services, mostly including:

- ✔ Provident funds
- ✔ Pension funds
- ✔ Study funds
- ✔ Savings for every child plan
- ✔ Provident funds for investment

Through its subsidiaries, the Investment House also provides supplementary products and services such as pension guidance, alternative investments, trust and employee compensation plan management services, currency conversion services and digital asset management.

2020 Awards and Recognition:

Brand Index 2021

The Globes Brand Index for 2021, addressing the period from early March 2020 until the end of May 2021, ranks each year the 100 leading brands among the thousands of brands in the market. Brands are selected by a representative sample of the population, according to criteria of brand strength and consumer trust in the brand, along with changes in the brand's market share profitability, and qualitative elements such as social responsibility. The Investment House was ranked first among the insurance and pension brands, and eleventh on Israel's 100 leading brands list. This represents a 15-place leap in the general ranking, as the brand was ranked 26th in last year's index.

2019 Service Index

The pension savings service index of the Capital Market, Insurance and Savings Authority, which was published in September 2020, reflected the level of customer service in pension funds which is provided by the institutional entities in Israel. The pension funds of the Provident and Pension Company were ranked in first place.

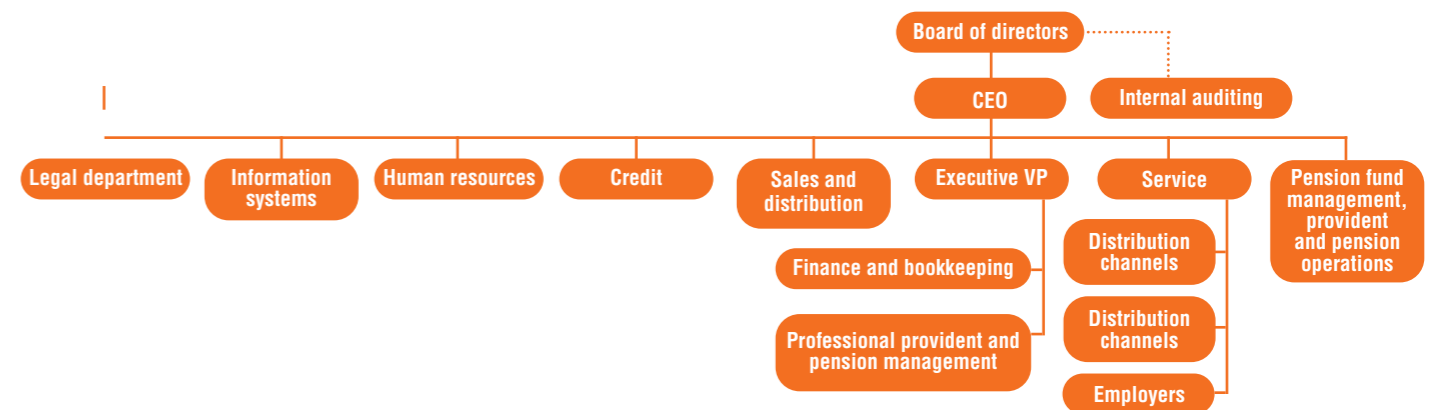
"Adif" Best of the Year 2020

According to the "best of the year" rankings of "Adif" and insurance and finance journalists, the Investment House was chosen as the "investment house of the year" and as the "investment house-owned pension fund of the year".

Membership in associations in 2020:

- Altshuler Shaham Mutual Funds Management Ltd. (the "Mutual Funds Management Company") - Mutual Fund Association
- Altshuler Shaham Ltd. and the Provident and Pension Company - Investment House Association
- Altshuler Shaham Investment Portfolio Management Ltd. (the "Investment Portfolio Management Company") - Portfolio Management Section of the Investment House Association
- Altshuler Shaham Yanshuf (FOF) (Cayman), Limited Partnership - Hedge Fund Association
- Provident and Pension Company - Public Companies Association

Organizational Structure of the Provident and Pension Company



Services given by Altshuler Shaham Ltd.

- ✔ Marketing and website enforcement and SOX¹
- ✔ Investments and research
- ✔ Investments and research
- ✔ Investment operation and control and SOX¹
- ✔ Risk management, internal enforcement and SOX¹

Products and Services

The Investment House offers several products and services which are provided by a highly skilled, experienced and certified team of analysts and investment managers (for further details, see the chapter “our customers”). The Investment House’s headquarter office is located in Tel Aviv, and in 2015 a branch was established in Haifa as well to benefit customers, providing service and support to customers, agents and distributors of the Investment House’s products. The Provident and Pension Company operates extensively vis-à-vis agents and distributors throughout the country. The main distribution channels of the Provident and Pension Company are agencies and pension insurance agents, including also insurance agencies which are related companies of the Provident and Pension Company. The Provident and Pension Company works with all banks that are engaged in the advice segment through contractual agreements to facilitate the distribution of the Provident and Pension Company’s products. The Provident and Pension Company also has agreements and work relationships with many independent advisors working in the market.

According to the growth in demand for the Provident and Pension Company’s services, and the expansion of the array of services offered to our customers, adjustments were made to infrastructure, as well as a series of changes to the service approach and to the customer service system, in order to meet the high standards established by the Provident and Pension Company, and regulatory requirements. As part of the above, a service charter was also drafted, which was approved by the board of directors and is available on the Provident and Pension Company’s website. The guiding principles of the charter are integrity, privacy and honesty.

2. The full charter is available on the Provident and Pension Company’s website.

The Provident and Pension Company has invested significant resources over the years in automating work processes, creating automated interfaces, upgrading its switches, upgrading the website, and more, while also strengthening the information security infrastructure to protect customer data. The workforce at the service centers (both internal and outsourced) has also grown accordingly, providing support for customers on pension issues, and a renewed service department was created, including a headquarters and dedicated centers for customers, agents, advisors and employers.

Financial Data of the Provident and Pension Company (thousands of NIS)

	2020	2019	2018
* Revenues	903,380	699,498	526,471
** Expenses	686,788	558,710	456,775
Tax payments	78,335	49,819	29,018
Dividend	93,000	125,999	–
Distribution			
Net profit	138,257	90,969	40,678

* Management fee revenues with respect to provident funds and pension funds, net investment income (loss), finance income and other income.

** Expenses include commissions, purchase expenses, marketing expenses, general and administrative expenses and finance expenses. The employee payroll was 30,761 (thousands of NIS) in 2020.



Corporate Responsibility in the Investment House

The Investment House operates in accordance with the values expressed in the brand's core: professionalism, excellence, reliability, integrity and transparency. These values are our milestones, and reflect the Investment House's deep commitment to its stakeholders. Along with our aspiration to reach the highest levels of achievement and excellence, we are also committed to social and environmental responsibility in order to create a better present and future. Despite its challenges, 2020 was no different in this respect, during which the Investment House further defined and expanded its activity in the field of corporate responsibility, as is exhibited throughout this report.

Social involvement forms an integral part of the Investment House's organizational identity, and we work regularly and continuously to create significant community impact. Social involvement and responsibility in the Investment House takes place on two levels:

Economic support in the form of assistance to social organizations, institutions and community projects. The main target groups are children and teenagers, education and sports.

The employee volunteering project "AS Factor" is running for the seventh straight year, and includes giving the possibility for all of the Investment House's employees and members of management to assist various and diverse groups in the community.

Innovation, Change, Success

The Investment House's primary characteristic is the continuous desire of its owners and managers to lead, innovate and spearhead the capital market, both for customers and for in-house employees.

In early 2017 an innovation department was created in the Investment House, in which employees face cross-organizational strategic challenges and acquire tools and skills to develop innovative ventures and ideas which are of value to the Investment House. The department activity allows each employee to discover their inner entrepreneur. We believe that the Investment House's employees have a significant impact on its success. Therefore, around 25 employees, from various departments, were selected to be the Investment House's "innovation leaders". The leaders role is to promote and accompany the different ventures up to their launching and implementation in the organization, and to assist in cultivating innovation within the House.

Since the beginning of the department's activity up to the end of 2020, four powerful and groundbreaking hackathons (marathon entrepreneurship event) were held, with the participation of the Investment House's employees. During each hackathon, a unique challenge faced by the Investment House was presented, after which the employees divided into groups to create solutions which address the challenge in the best way possible. In each hackathon, which over the years have been found to be the most effective and appreciated method of solving organizational challenges, dozens of innovative and groundbreaking ideas were presented, and the groups competed between over finding the winning solution, to allow the implementation of their idea. As of the release of this report, eleven ideas or technological solutions developed by the Investment House's employees have, or are in the process of being implemented. We are very proud to foster an organizational culture at the Investment House, one which promotes proactive innovation.

We also adopt innovation from external sources and implement it throughout the organization. For example, we collaborate with local Fintech companies and Israeli startups, and actively participate in the Israel Securities Authority and the Innovation Authority's joint program, which aims to promote a more innovative, competitive and attractive capital market for financial consumers

Green challenge

In 2020, we announced the green challenge program, in which we invited the Investment House's employees to come up with ideas to make our offices greener and more environmentally friendly. Dedicated teams, managed by our innovation leaders, worked hard to think of solutions in the fields of waste, recycling, resource efficiency and transportation. Various ventures have already been launched and constitute an integral part of the organization (for details regarding select ventures as part of the "green challenge" program, see the chapter "reducing negative effects and working for the environment").

Channels of dialogue with stakeholders

Stakeholder Select channels of dialogue and contact in 2020

Customers and the general public

- The Investment House maintains direct contact with its customers through various channels:
- In-person meetings with customers at physical branches.
 - Telephone service centers and digital customer service channels, including online chat, WhatsApp and SMS services (during the centers' hours of operation).
 - Maintaining channels of dialogue on five social networks: Facebook, LinkedIn, WhatsApp, Twitter, YouTube and Instagram.
 - Dedicated customer conferences, webinars and professional podcasts.
 - Customer surveys (for customers of the Provident and Pension Company), to evaluate satisfaction with our service, are conducted once per month.

Employees

- Conversations on assessment, feedback and development
- Encouraging an “open door” policy and maintaining open communication between employees and managers.
- Conducting an intra-organizational climate survey to evaluate the extent of affiliation and satisfaction among employees.
- Employees have a hotline for anonymous tips regarding any breach or suspected breach of the Investment House's ethical code of conduct, mistreatment, discrimination or harassment of any kind.
- Roundtable forums, “coffee with the CEO” meetings, and “coffee with partners”.
- During the Covid-19 crisis, digital channels were added to the usual channels of dialogue, including WhatsApp group video calls, which were used to provide routine updates, etc.

Suppliers

- A direct and open communication channel with the operations and logistics department manager regarding any issue or problem encountered by suppliers or employees on their behalf.

Stakeholder Select channels of dialogue and contact in 2020

Regulator and Government Ministries

- Cooperating and maintaining continuous dialogue with the relevant authorities.
- Conducting meetings, participating in discussions and professional committees, sharing insights vis-à-vis governmental representatives, in addition to topic-specific sessions. This includes promoting joint projects to address environmental, regulatory and social issues.

Community

- Extensive and longstanding volunteer activity takes place on several fronts, both face-to-face and online, as well as participation in special volunteering events. Community activity is accomplished while maintaining long term partnerships with nonprofit organizations.

Academia

- Collaborations and frequent dialogue with academic institutions, which includes assisting in drafting study plans and working with students on different subjects, e.g., ESG and big data-based investments.
- Taking part in annual courses and seminars, thereby exposing university and college students to the financial world.

Investors and their representatives

- The Investment House's investor relations website includes updated and relevant information for investors.
- Conducting periodic meetings and maintaining a direct, continuous and transparent dialogue with investors, analysts and other entities in the local and international capital market while adhering to the relevant provisions of the law.

Extensive details regarding the channels of dialogue are provided throughout the report.

The Investment House and Sustainable Development Goals (SDGs)

For over three decades, the world's countries, led by the UN, have been working on formulating and promoting policies for sustainable development, in order to holistically address the environment, economy and society in their decision-making processes, on both the global and national-local levels.

In September 2015, Israel joined all UN members and adopted a series of goals and targets for the years 2015-2030. The Sustainable Development Goals (SDGs) include 17 goals and 169 sub-goals to address various issues e.g., reducing inequality, investment in education, infrastructure, economic growth, climate change, and more.

As the leading investment house in Israel, Altshuler Shaham promotes the SDGs through its core activity, and by initiating various processes while including all stakeholders.

This report reviews our diverse operations that have a contribution on the local level, towards the realization of the global goals.

The Investment House focuses on promoting the following SDGs, that are best influenced in accordance with their relevant to the core activities.

The four chosen goals are:



Goal 4 - Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

As part of its activities in the community, the Investment House invests significant financial resources, along with "cash equivalent" donations and employee volunteer hours, in a wide variety of ventures and community plans, which are intended to promote learning opportunities and equitable quality education. The Investment House also invests a great deal in cultivating and developing its human capital, and offers to its employees training seminars which empower and enrich their capabilities, know-how and life skills, while promoting their preparedness for the future.



Goal 5 - Achieve gender equality

The Investment House has a high representation rate of women employees, particularly in management positions and among executives. Women are integral to the Investment House's decision-making processes, and hold key positions, including professions in which women are often under-represented. The base salary and fringe benefits at the Investment House are determined according to the employees' positions, seniority and rank, regardless of gender. The Investment House also has a zero-tolerance policy towards harassment of any kind, and particularly sexual harassment, and works to facilitate a welcoming and pleasant work environment which allows women to realize their personal and professional potential.



Goal 8 - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

As a leading financial entity, the Investment House makes financial services, knowledge and tools available to the Israeli public, which help its customers save and increase the scope of financial resources at their disposal. The Investment House has a responsible and informed investment policy characterized by a long-term perspective and broad diversification of assets, with the aim of maximizing returns for customers, and minimizing risks in the management of their savings. The Investment House also works to increase public awareness of the importance of long-term savings and well-informed management of pension savings. The Investment House employs hundreds of employees from all over Israel, maintains a responsible and inclusive work environment, ensures good and fair conditions for its employees, and contributes to the indirect employment of employees in broader circles (including suppliers, agents, distributors, and more).



Goal 13 - Take urgent action to combat climate change and its impacts

The Investment House recognizes the importance of environmentally sustainable management, and is committed to adopting measures to protect the environment and reduce negative effects from its activities, whether direct or indirectly. The Investment House operates several environmental initiatives, including reducing the consumption of fuel, electricity and paper, maximizing use of natural light, and recycling electronic waste, bottles and cans. The Investment House also promotes a responsible procurement policy when purchasing products and engaging with new suppliers, and prioritizes suppliers which use environmentally friendly materials and/or suppliers which offer added social value. The Investment House has further implemented an investment policy in 2021, according to which, it refrains from investing in corporations that are primarily engaged in the discovery, extraction and production of polluting fossil fuels (coal, oil and natural gas, etc.). This policy is expected to strengthen and contribute to increasing the share of companies engaged in renewable energy and in sustainable energy solutions in the company's investment portfolio.

About the Report

This is Altshuler-Shaham Investment House's first report which reviews the Investment House's activities in the fields of ESG (Environment, Society and Governance) in 2020. The report reflects the Investment House's commitment to responsible, fair and transparent conduct, while maintaining continuous dialogue and managing its effects vis-à-vis the various stakeholders. The report was written based on the GRI:SRS reporting standard, and also includes reference to the UN's Sustainable Development Goals (SDGs). The report reflects the Investment House's performance in all of its sites and activity regions, unless specified otherwise. However, the quantitative data in the report, as opposed to the qualitative and general data, reflect the activities of the public company; the Provident and Pension Company. The report specifies the Investment House's processes, data and progress in connection with ESG performance, and also includes 2021 targets. The purpose of this report is to express the most relevant information regarding the Investment House's policies with respect to the environment, society and governance, and to express its commitment to its stakeholders. The Investment House commits to continue reporting its performance in the fields of ESG, and to maintain transparency and dialogue with its stakeholders, with the help of these reports. Data regarding human resources, the supply chain, and the environment were collected and prepared by the Investment House.

“Impact Nation” program

The Ministry of Strategic Affairs and Public Diplomacy launched a national initiative which encourages companies to publish corporate responsibility reports in order to reflect corporations' social and environmental effects on the Israeli economy. In 2020, the Provident and Pension Company participated in the program and won a grant to fund the drafting of the report

This report was written with the support of the corporate responsibility and sustainability unit of BDO Consulting. The unit is the exclusive partner of the GRI organization in Israel, and the group's consultants receive specialized training on the subject.



Our appreciation goes to Maya Borkow and Irit Breiman of the Corporate Responsibility and Sustainability Unit at BDO Consulting, for their dedicated work in accompanying the preparation of this report.

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Identifying the Material Topics

The materiality analysis is a process which allows the Investment House to identify and assess the topics which are most material to its various stakeholders. As a preliminary process to support the drafting of the 2020 report, the Investment House evaluated its material topics, in accordance with the GRI:SRS reporting standards. In addition to the material topics, the Investment House includes information which is relevant to its activity, e.g., the consequences of the COVID-19 crisis which have affected the Investment House's activity, financial performance and the various stakeholders.

Work methodology for identifying of material topics:

1. Sectoral Mapping and Review

Initially, the fields of corporate responsibility which are most significant to the Investment House and its stakeholders were mapped out, based on a sectoral review of the material topics reported by six leadership companies in the global and local sector, which are reference companies for the Investment House. Media news items and internal documents of the Investment House were also evaluated, including intra-organizational messages, policy papers, work plans, and more.

During the ESG review, 18 relevant topics were identified.

2. Rating and Prioritization of Topics According to Stakeholder and Management Expectations

The topics were prioritized through the following comprehensive analysis:

- Evaluation of four analytics firms which review and rate companies in the financial sector
- Correspondence to accepted reporting standards (GRI, SASB).
- Internal rating of issues by the Investment House's management.

Once the process was concluded, the list was narrowed down to nine top material topics for reporting.

List of Material Topics

Presented below is a list of the issues which were determined most material to the Investment House's activity, from an ESG perspective. Since various stakeholder groups view the topics which are proximate and relevant to them as most significant, the topics were not listed hierarchically. They are therefore not arranged by level of importance.

Material Topic in the Report	GRI Subject	Topic Boundaries
Governance, business ethics and corruption prevention	GRI 205: Anti-Corruption	Inside the organization
Service quality, fairness and responsible service	GRI 417: Marketing and Labeling	Inside and outside the organization
Information security and privacy protection	GRI 418: Customer Privacy	Inside and outside the organization
ESG risk management in investing	-	Inside and outside the organization
Community responsibility and involvement	GRI 413: Local Communities	Inside and outside the organization
Economic performance and business continuity	GRI 201: Economic Performance	Inside and outside the organization
Economic performance and business continuity	GRI 401: Employment, GRI 405: Diversity and Equal Opportunity, GRI 406: Non-discrimination	Inside the organization
Developing and fostering human capital	404: Training and Education	Inside the organization
Innovation and technology	-	Inside and outside the organization

Our customers

Service Approach

The Investment House considers the interests of its customers as its highest priority, and they are our primary and most important asset. We strive to give our customers real value, and work continuously to improve and streamline processes, implement new technologies, diversify contact channels and expand the available options to take action in more independent, accessible and convenient ways. This is accomplished while ensuring high-quality, professional, effective, professional and reliable service, along with maximum transparency. Customer trust is of prime importance to us, and we work daily to cultivate and maintain that trust. In the Provident and Pension Company, the customer service department also includes advanced mechanisms to address customer inquiries and complaints.

Customer Profile

The Investment House offers its customers a wide array of products and services. The Provident and Pension Company is one of the largest leading investment and savings entities in Israel, and serves over one million customers, including the self-employed, salaried employees, employers and cooperative associations such as kibbutzim. Our customers come from all over Israel, and from all population groups.

A marketing position survey was conducted in September 2020 by the Investment House, through Geocartography Group, to identify changes and trends in the public's perception of the brand. Results show that around 60% of the participants noted Altshuler Shaham Investment House as the first entity they think of in the context of money management. This figure has been consistently and rapidly increasing over the years.

Our Products and Services

Provident funds - Savings instruments designed for the medium or long term. They are intended for salaried employees and the self-employed alike, and serve as a post-retirement source of income. Each pension product includes a variety of investment tracks tailored to each individual customer's unique characteristics and needs.

Savings provident fund - A long term savings channel for those seeking to save for retirement through monthly contributions. Upon retirement, customers enjoy the funds that have accumulated over the years. The Investment House's provident funds are managed to high standards, and are strictly supervised by Group management.



Investment provident fund (savings plus) - This product was launched by the Authority of Capital Markets, Insurance and Savings in 2016, and allows customers to enjoy the advantages of a provident fund along with the option to withdraw a lump sum at any time. This product serves as an attractive savings tool for customers who wish to make short or medium-term investments.

Savings for every child - In early 2017 the “savings for every child” program of the Capital Market Authority began operating, according to which the National Insurance Institute monthly deposits NIS 50 (amount varies annually, depending on the CPI) for each child in Israel, in addition to the governmental child allowance which is issued directly to the parents. The funds are managed in an investment provident fund, in various investment tracks. Once the child reaches age 18, they may withdraw the funds pending their parents’ approval, or independently **withdraw** the fund at the age of 21.

Amendment 190 - The old age annuity is one of the primary post-retirement components, therefore pension savings are of critical importance to the Israeli citizens. In 2012, amendment 190 to the Income Tax Ordinance was approved. The amendment provides various investment advantages, and provides tax benefits to the population of retirees, and for those who expect to retire in the coming years.

Study funds - An attractive savings instrument for the medium and long term, intended for salaried employees and the self-employed, which offers unique tax benefits, along with professional investment management. The money in the study fund is invested via various investment tracks with different risk levels, as chosen by the customer, and in accordance with their needs. Six years after the initial deposit, the study fund is available for a (one-time) capital withdrawal, and are exempt from the payment of capital gains tax up to the beneficiary contribution limit, constituting a significant benefit, which could accumulate to substantial amounts.

Pension funds - Long-term savings which are expected to serve as an income source after retirement. The accumulated amounts serve as income, at the appropriate time, through monthly installments or, in certain cases, partially in a one-time amount, in accordance with legal provisions and the pension's regulations.

The Provident and Pension Company offers two pension funds to salaried employees and freelancers - a comprehensive pension fund, and a general pension fund. Both funds include savings and insurance coverage in case of death or disability, in which eight investment tracks are offered.

The comprehensive pension fund of the Provident and Pension Company won a competitive process of the Capital Market, Insurance and Savings Authority, in 2018, and again in 2021, and was chosen for 3 years each time as one of the “selected pension funds” - offering reduced management fees to savers who join the selected fund for a minimum period of 10 years, and reduced management fees for members who retire during the winning period. The Provident and Pension Company also won first place in the pension service index of the Capital Market, Insurance and Savings Authority for 2019 (the index was published in September 2020).

“Green Pension” - In 2019 the Investment House created a long-term savings track, which will operate according to corporate responsibility principles. In November 2019, the Investment House conducted a survey which evaluated the public’s mindset and position on the subject, in order to assess the profitability and feasibility this type of product, before its launching. According to the survey’s results, a majority of the public believes that companies should demonstrate social and environmental responsibility in their operations, and therefore expects a balance between social and/or environmental considerations along with economic considerations, in managing their pension funds. Over 50% of respondents expressed willingness to change to a pension fund which gives preference to companies that operate in accordance with social and environmental responsibility principles. As of the end of 2021, the process has yet been approved by the Authority of Capital Markets, Insurance and Savings, and at this stage it has not yet been executed, due to the regulatory restriction.

Mutual funds - Mutual funds are financial instruments that allow joint investment in securities. Each mutual fund is managed by an investment manager, who is responsible for managing the fund’s assets in accordance with the provisions of the law and the fund’s investment policy, as presented in the fund prospectus, which is made public. Various types of mutual funds exist, focusing on a diverse range of investment channels, which generally allow broad and varied diversification of assets. Additionally, investing in funds involves a high degree of liquidity, since the investor in the fund can buy and sell their units in the fund on any day it is being traded.

The Mutual Funds Management Company offers the general public a variety of mutual funds via several investment channels with varying risk levels for investors, including bonds, foreign currency, stocks, and more, in both local and international markets. We therefore believe that each investor can find a mutual fund that matches their unique characteristics and desired degree of exposure.

3. According to the 2019 Pension Savings Service Index of the Capital Market, Insurance and Savings Authority, which reflected the level of customer service in pension funds which is provided by the institutional entities in Israel.



Altshuler Shaham (4D) Global Green - The mutual fund was established in February 2005, and was a pioneer in its field, the first fund in Israel that focused on the world's leading companies in the fields of environmental and social responsibility. The fund's investment policy declares that the extent of the fund's exposure to stocks of corporations that are primarily engaged in the development and production of products and/or services and/or innovative processes which contribute to the prevention of pollution and waste, and to the reduced use of natural resources (coal, petroleum, gas, water, raw materials) and/or in biological restoration, water and land purification, and in stocks of corporations which systematically reduce, according to their stated policies, their environmental effects, and which are committed to environmental leadership, will be no less, at any time, than 75% of the net value of the fund's assets. In August 2006, the fund was ranked one of the world's ten leading green funds by Bloomberg Magazine, and was the first Israeli fund to be included in one of the magazine's rankings.

Investment portfolio management - The Investment Portfolio Management Company has provided investment management services for around 30 years, and manages money for thousands of customers, including institutional entities, private and public companies, and private investors. The investment portfolio managers closely evaluate the unique requirements and personal characteristics of each customer, and accordingly formulate for them an appropriate and dedicated investment policy. In each period the customer's needs are re-evaluated and re-assessed, and if needed, changes are made to the mix and structure of the portfolio.

The Investment House has a senior team of expert analysts and traders, with many years of experience, which also contribute in times of volatility and increased uncertainty.

* The fund manager is Altshuler Shaham Mutual Funds Management Ltd. *The foregoing does not constitute any undertaking to manage the fund in a certain way and/or to invest in any particular assets. The fund manager is entitled to change their investment methods and/or investment policy and/or the composition of assets in the mutual funds which they manage at any time, in accordance with the provisions of the law and the fund's investment policy. *The foregoing does not constitute any undertaking to achieve excess results and/or any return whatsoever over time *Past returns and ratings do not guarantee similar returns or ratings in the future *The foregoing does not constitute an alternative to market investments in consideration of the investor's special characteristics or requirements.

Working on Behalf of Customers During the COVID-19 Crisis

In March 2020 a crisis of extraordinary scope swept the world, which led to the halting of economic activity, and to prolonged lockdowns in most countries. Due to rising infection rates, a general lockdown was announced in Israel as well, after which the economy was intermittently shut down throughout the year.

The COVID-19 crisis quickly evolved into a significant economic crisis in Israel, in terms of the depth of the recession, the rapid rise in the unemployment rate, the decline in private consumption, and more. Concurrently, the period was characterized by a public sense of uncertainty and helplessness.

During this period, when we were required to focus and guide our customers, we operated on three main levels:

1. Advertising campaign

As part of the campaign, which was produced during the first lockdown (after receiving special approvals), we established the importance of managing the investment strategy over the long term, once ordinary life resumes.

2. Public relations activity

We published a series of articles to the press (Globes, TheMarker, Ynet, Funder, and others) and on television channels 12 and 13, led by Gilad Altshuler, the Investment House's chief investment manager, who shared with the public the Investment House's broad strategic approach in times of crisis, including reference to recommended methods of action.

3. Current economic content

In order to provide our customers with the most current and up-to-date information possible, we worked on several levels, including sending a weekly review regarding the state of the economy and the COVID-19 pandemic's impact on the economy, correct handling of long-term savings instruments, and more. We also worked continuously and intensively with our marketers and distributors, through online training sessions, professional webinars, conference calls and virtual conferences.

4. Production of additional content

Along with the economic content, and in an attempt to provide some relief to the public while locked down at home, we enlisted the assistance of our sponsored athletes, who shared easy-to-implement advice and tips on maintaining a routine of physical activity during the lockdown periods.



Investment Management Policy

The investment management strategy mostly relies on a long-term perspective and broad diversification of assets, to reduce the dependence on any particular market. The Investment House's longstanding reputation is based on performance over time, on our service level, reliability and integrity, which constitute our primary asset. The Investment House invests its best efforts in order to provide our customers with the highest returns, in accordance with the different risk levels of our customers, and subject to the applicable regulatory restrictions.

The investments in the various products and in each channel are managed in consideration of the customers' long-term interests, and subject to regulatory directives. The investment policy is based on macro- and micro-economic analysis of capital markets in Israel and around the world, and it is evaluated from time to time by the board of directors' investment committee, and is updated as required. Investment management is performed by the Investment House's investment teams in the following manner:

Long-term perspective - The Investment House's investment managers and analysts work to identify future trends and attractive investment opportunities which we believe, in the long-term perspective, present greater opportunity than risk. To achieve this goal, we operate according to a unique method combining professionalism, excellence and constant renewal, and sometimes also take action that is not necessarily consistent with current market trends, in the belief that they will generate profit for customers in the long-term.

Broad geographical diversification - A significant part of our asset portfolio is invested in international markets, with the aim of achieving broad exposure to global assets, and minimizing the risk arising from focusing on any specific market. We also focus on investment in highly liquid assets, which allows us to change our asset allocation in the portfolio, and to respond quickly to market events when required. This strategy broadens the array of investment opportunities which are available to us, and helps us to extract value from global trends and processes.

Stable and permanent team of investment managers - The Investment House works to maintain a permanent team of investment managers, and in fact our professional, high-quality human capital forms an integral part of the investment strategy, and also, we believe, one of the main keys to success in achieving returns over time.

The investment department of the Provident and Pension Company relies on the following mechanisms:

1. Annual investment policy

Every year, the board of directors of the Provident and Pension Company is presented with the Investment Committee's recommendation and then determines and approves the Company's expected investment policy for the upcoming year. The board of directors also receives routine reports from the company's credit manager, troubled debts supervisor, investment manager and chief risk officer.

2. Hedging policy

The Provident and Pension Company uses derivatives and other financial means to hedge against volatility and currency risks, and to reduce the exposure to foreign currency due to investment in foreign products and securities.

3. Supportive infrastructure


The supportive infrastructure is responsible for processing, clearing, transfer and valuation of all transactions which are executed by the investments department. The supportive infrastructure is also responsible for ensuring that all executed transactions have been recorded and revalued in the system accurately and timely. The supportive infrastructure is also responsible for ensuring any required clearing, accounts settlement and adjustment, in accordance with the regulatory requirements and controls.

4. Routine decision making of the investment committee

The investment committee operates in accordance with the investment policy which has been determined by the board of directors of the Provident and Pension Company, and instructs the investment managers to act accordingly. The investment committee determines the exposures to the main channels, while the investment managers choose the specific securities for investment, within the framework of the determined policy. The investment committee convenes at least once every two weeks, and receives an economic review from the investment managers, including regarding the performance of the funds during the relevant period, the composition of the funds' holdings, and other issues which require reporting from time to time. Customers' funds are invested in various channels, including Israeli stocks, international stocks, government bonds, corporate debentures, loans in Israel and abroad, real estate, and investment funds of various kinds.

5. Routine decision making of the investment committee

The investment controller serves as the control mechanism who is responsible for routinely evaluating the correspondence between the investment manager's performance, and the investment committee's decisions and regulatory directives on the matter. The investment controller reports to the investment committee and to the company's managers as required.



The scope of investments in projects promoting ⁴environmental value in 2020 amounted to around

420.5 million ₪

Loans and extra-banking credit at a scope of approximately

420.5 million ₪

to projects promoting environmental value⁵.

Looking Ahead to 2021-2022:

During the writing of this report (July 2021), the Provident and Pension Company and the Mutual Funds Management Company announced that they will not invest, as part of new investments in the provident funds and pension funds which they manage, in corporations whose primary field of activity involves the exploration, extraction and production of fossil fuels. For additional details regarding the policy, see the Pension and Provident Company's website.

⁶Risk Management

Our risk management department is an integral part of the Investment House's routine activity. Within the framework of the risk management department, we strive to identify, assess and analyze the risks faced by the Investment House, establish appropriate limits and controls with respect to risks, and conduct periodic oversight of the fulfillment thereof. The methods of risk management are routinely reviewed in order to reflect changes in market conditions and in the Investment House's activity. Relevant employees also participate in training sessions on risk management, compliance, prevention of embezzlement, reporting and internal controls. The risk management department includes operational risk managers, compliance officers and financial risk managers, who function as objective and independent parties in order to identify and assess the types of relevant risks, routinely monitor them, reach decisions and determine an appropriate policy in light of them. The financial risk manager conducts regular assessments which are reported to the board committees.

The Provident and Pension Company has a risk management committee, while other subsidiaries conduct risk management in the board of directors itself. All of the Investment House's units are subject to internal audits by the Investment House's internal auditor, and a different unit is audited each year. Once the audit process has been concluded, summary reports are produced, for review by the board of directors' audit committee. External audits of the Investment House's financial statements are also conducted by auditors, and once every five years an external entity audits the Investment House's internal audit activity.

4. Of which, around NIS 407 million was invested in companies focused on green energy, including renewable energy, and around NIS 13 million was invested in mass transit projects. 5. Including approximately NIS 964 million for green energy and NIS 880 million for transportation and mass transit projects. 6. For further details regarding the management of liquidity risks, see the company's annual report for 2020, page 67.

Information Security and Customer Privacy

As an investment house which manages a large number of customer portfolios, the issue of information security and customer confidentiality is paramount to us. We invest a great deal of technological and human resources in protecting customer privacy and data confidentiality, using advanced cybersecurity and information security products. In this context, we ensure encrypted submission of reports, granting of permissions to relevant parties, and advanced means of customer identification in our various service channels. The Investment House's IT systems are protected by logical compartmentalization, access restriction, passwords, and other methods, and the systems and databases are backed up daily, both at the Investment House's offices, and at an external server farm. We also apply technological means and processes in order to improve our means of monitoring, prevention and control of cybersecurity risks, and also conduct frequent security surveys and internal and external penetration tests. The level of information security at the Investment House's systems is tested routinely, including by external entities, and we conduct training sessions and activities to raise employee awareness on subjects of information security and cybersecurity, while updating the training plans in accordance with developments. A monthly "cybersecurity magazine" is sent to the Investment House's employees via intra-organizational means of communication, in order to increase their awareness of the issue. The magazine includes case stories of cyber-attacks which took place around the world, along with insights which can be gained from the cases, tips for secure use of various technological means, and more.

The fields of information security and cybersecurity are discussed in dedicated steering committees, risk surveys and penetration tests of the internal audit department, and through the board of directors' risk management committee, which oversees the implementation and management of the subject in the company, and monitors the compliance with the annual work plan. The Investment House's information security and cybersecurity policy applies comprehensively to all of the Group's member companies. The Investment House has established clear policies regarding the removal of customer data, and computerized monitoring methods and restrictions are applied in order to prevent data leaks.

Agents that work with us are exposed only to data regarding customers which they have recruited, subject to a power of attorney given by the customer. Additionally, relevant suppliers sign letters of undertaking regarding the protection of information security. The Investment House has mechanisms for inquiries and complaints regarding information security.

In 2020, there were no instances of justified complaints or material lawsuits regarding information security.

As the COVID-19 pandemic broke out in 2020, cyber-attacks around the world increased, both in frequency, and in their level of sophistication. In light of the complex situation, the Investment House's cybersecurity team worked to rapidly provide the safest solutions possible, in order to allow business activities to continue. Additionally, during the year significant resources were invested in order to strengthen the information security infrastructure and to protect customer data from cyber-attacks.



Providing Optimal Customer Service

We strive to give our customers a positive, personally tailored and high-quality service experience, listening to the needs that arise “from the field”, and conducting routine dialogue through the various channels. We work continuously in order to allow our customers to consume digital services in all areas, from receiving extended information about our products, to performing a wide variety of actions independently. We also provide our customers with various contact methods, including through service representatives, social networks, and easy-to-use digital means. The work plans regarding the provision of customer service are updated in accordance with the needs which arise from the field, and changes in the business environment.

The COVID-19 crisis has accelerated the digitization processes and increased the number of customers who are interested in receiving services by digital, automated and rapid means. In light of the above, the “personal area”, which is offered to all customers on the Investment House’s website, was upgraded in 2020, including a mobile version. The “personal area” allows more convenient access to data, and allows viewing of information and reports regarding the management of the investment portfolio, study funds, pension funds and provident funds, and even allows actions such as moving between tracks, withdrawals, and reporting regarding contributions to provident funds for investment. The purpose of these processes is to continuously improve and upgrade the personal area, by adding explanations, data, actions, information, and more. Most of the forms can also be filled out digitally, reducing the need for printing, filling out and resending forms.

In 2020, we developed a mobile and desktop app which offers our customers all of the most commonly used information and actions.

The process of joining the provident and pension product is digital and quick, as it is comprised of three simple steps which take only a few minutes and include entering details, consenting to terms, and signing declarations.

Agents and employers who work with the Investment House also have a “personal area” which is upgraded from time to time, in order to provide the most comprehensive possible solution to entities who provide service to our customers. In 2020, several new functions were added to the website for agents, including report generation options, a simulator for calculating the annuity factor, an option to digitally fill out forms with an annuity application, and more.

Online viewing of investment portfolio data

We allow our customers to view their managed investment portfolio in a personal, secure area of the Investment House’s website. The service allows displaying a complete picture of actions in the portfolio, viewing previous actions in different timeframes, and receiving quarterly reports regarding the activities and performance of the investment portfolio.

Social media activity

We are active on various social networks, including Facebook, Instagram, LinkedIn, Twitter and YouTube. We strive to create high-quality, platform-adjusted content, while also providing service to customers who contact us through digital media, through a dedicated staff which is responsible for rapidly responding to inquiries and responses that are received through social networks. The content distributed on social media includes content articles, various updates, explanatory videos, greetings, information about activities in the organization, and want ads for available jobs. The social network also allows us to listen and learn about the subjects which are of interest to our customers, reach conclusions, and adjust our activity accordingly. **Our Facebook page has around 47 thousand followers, and we respond personally to hundreds of inquiries from the various networks every day.**

Responding to public inquiries

As part of the Investment House’s commitment to handling and maintaining contact with our customers, the Investment House operates a mechanism for addressing complaints. The general public and the company’s customers can contact us by various means, and the inquiries and complaints are monitored, both by the Investment House, and by the Capital Market Authority. In case of multiple complaints on a particular subject, the Investment House, through the audit unit, conducts an in-depth evaluation, and makes changes when needed.

In order to continuously improve our quality of service, each month a sample is reviewed of discussions which were held on the various customer service channels, and this review process is used to reach conclusions and improve processes.

Financial Accessibility and Inclusion

The content and information which are associated with our core activity require an in-depth understanding, and we are working on simplifying and making them as accessible as possible to all customers. In order to increase knowledge and involvement, we routinely create content which is published on our monthly online magazine, which includes articles, content and videos we have produced, which provide explanations on various financial and pension issues. We also hold dedicated lectures and training sessions for senior citizens in collaboration with the website “Motke”, a social network for people over 50. Lecture subjects include preparation and planning for retirement, benefits on savings and investment products, maximizing tax benefits, and more.



In parallel with marketing our products, we strive to offer value to the public on our issues of specialization - well-informed financial conduct and planning. We launched an extensive advertising campaign to raise public awareness on all matters associated with the management of pension savings, which is an investment portfolio with significant impact on quality of life at retirement age. Our marketing campaign was accompanied by extensive explanatory activities, including in-depth content articles, conferences, training sessions and interviews with professional managers and knowledge managers in the organization.

Website accessibility

All company websites undergo periodic accessibility evaluations, for the purpose of adapting them to accessibility regulations. We also make accessible new components which have been launched on the site, documents, new digital forms, etc. The Investment House's extended website is available in the Hebrew language, and some pages are also available in English, Russian, Arabic and Amharic.

Products tailored to specific population groups

For modern orthodox and ultra-orthodox customers, the Investment House offers a "halacha track", tailored to the requirements of the organization "Tesua KaHalacha" - the organization responsible for ensuring that savings and pension activities are done in a manner consistent with Jewish law. The track assets, and the returns which are achieved therein, are managed subject to the rules of Jewish law only. documents, new digital forms, etc. The Investment House's extended website is available in the Hebrew language, and some pages are also available in English, Russian, Arabic and Amharic.

Marketing and Distribution

We work to market our products based on a number of distribution channels, in accordance with the law and the regulatory conditions. Our distribution channels include financial and pension agencies and insurance agents. Over the years, we have established collaborations with leading agents and agencies, without creating dependencies on any particular agent or agency. As required by law, we ensure clear policies in connection with distributors and agents, such as limits on incentives, gift amounts, payment for meals, etc., which are also formalized in our ethical code of conduct. Agents and distributors are also required to present a picture which is as balanced and objective as possible regarding the options available to customers, and are obligated to comply with "best advice" practices, and to tailor the product to the customer's unique needs.

We also have contractual agreements with all relevant banks for the distribution of our products, as well as agreements and working relationships with many independent market advisors. In 2018, the comprehensive pension fund of the Provident and Pension Company was selected as part of a competitive process of the

Capital Market Authority, as a select pension fund (default fund). After the selection, marketing and sales activities focused on employer advertisement, mostly for the purpose of making the pension fund more accessible to employers.

In addition to the previously mentioned distribution channels, the Investment House's products are available via digital tools and/or pension marketers and/or pension insurance agents which are affiliated with the Group. We work continuously to improve the digital application processes by making them accessible and simple, and to allow direct and rapid joining of the Investment House's products.

Responsible Marketing and Distribution

We advertise our products through various channels, such as broadcasted, written and social media. We also use targeted campaigns to reach out to specific population groups, while emphasizing appropriate representation, gender balance and appropriate, non-offensive language. We further ensure that clear language is used and does not include any hidden messages. The values of fairness, integrity and human dignity guide us in our business and marketing activities.

In light of the above and in our view, the reputation we have built, the strength of the Altshuler Shaham brand which gradually developed over the years, the service quality, and the high returns which we have striven to achieve over the years relative to the competing companies, are some of the main reasons for referrals/inquiries of customers to us, and a main consideration for those seeking to join the Investment House's products.

Human Capital

The Investment House's employees are our main asset, and the source of our success. The employees are those who accompany customers, are responsible for maximizing value for them, and are committed to providing excellent service and maintaining the reputation which the Investment House has gained over the years. We work to create an appropriate and responsible work environment for our employees, free of any kind of discrimination, harassment or mistreatment whatsoever, while fully complying with the provisions of the law, and acting even more than required. We also implement several processes that develop and cultivate human capital, care for the health and welfare of our employees and their families, and encourage diversification in employment and equal opportunity.

Due to the growth and expansion of our workforce in recent years, we are challenged to create a warm and familial work environment, leading to a pleasant environment and a strong sense of affiliation among the organization's employees.

The Investment House's human resources policy is based on the following principles:



Mutual trust and respect are keystones in the relationship between the Investment House's managers and its employees. We view the Investment House's employees as partners to various processes taking place in the organization.



Personal example and involvement of managers. We further encourage an "open door" policy and maintain open communication between employees and managers.



Ensuring fair and equitable treatment of all employees, while protecting their rights without compromise.



Promoting an inclusive and diverse work environment, while preventing harassment or mistreatment of any kind.



Encouraging excellence and professionalism, investing in the development and cultivation of human capital, including professional and managerial training, and seminars to support the enrichment of employees, and of their general skills.



Investing in a diverse and rich employee experience, and providing social support for employees undergoing personal or family crises.

During COVID-19, in accordance with a clear policy of the Investment House's management, employees were not furloughed, nor were their employment terms or scopes of employment reduced. Additionally, benefits which were given to employees during ordinary times continued despite the transition to the remote work arrangement, and bonuses were even distributed, in accordance with the plan, with respect to 2019 performance.

Employees who transitioned to working from home received a special budget to purchase equipment to upgrade their home workstation. Moreover, employees and their family members were offered enrichment and leisure content after work hours.

Development and Cultivation of Human Capital

We nurture a learning and training culture as a means for personal development and to expand employees' skills, professionalism, affiliation and satisfaction. The training program is tailored to the learning requirements of the various units, as defined by the managers, and is formulated together with them. The development and training plans are intended for all of the Investment House's employees. **Training sessions and seminars are conducted both regularly and at major milestones throughout our employees' professional careers:**

Training for new hires

As part of the Investment House's onboarding process, each new hire receives an information booklet and participates in an orientation conference for new employees. They are also assigned a "mentor" - an experienced employee who is responsible for accompanying their successful introduction to the company. After three months of work, we ask new hires to provide feedback regarding the onboarding process, in order to improve the process for subsequent employees.

Regulatory training sessions

All of the Investment House's employees participate in various training sessions which we are obligated to provide by virtue of our compliance with regulations. The following training sessions were held in 2020:

- Training on the prevention of corruption and bribery.
- New hires completed a training session regarding information security, and old employees participated in refresher sessions on the subject.
- All employees were required to complete training sessions regarding the prohibition against the use of inside information and privacy protection.
- Refresher training on the internal enforcement plan.



Training on general skills

In addition to the training sessions to support the essential professional skills needed by employees to fulfill their responsibilities, we work to provide our employees with general skills and capabilities which are required in the modern workplace, and to facilitate their personal development. As part of the above, we offer training sessions on Excel skills, personal development, provision of service, conducting negotiations, and more. The Investment House runs a “career investment” program, in which scholarships are offered to employees in the fields of capital markets, credit and securities. In 2020, 30 scholarships were given to employees in the provident fund service and operation department, to finance professional and academic studies, including bachelor’s and master’s degrees in economics, management and business administration, data analysis, and funding studies towards pension advice and portfolio management certifications. 11 additional scholarships were also given to employees to aid their specialization in various fields.

Manager training

We consider it strategically important to develop and maintain the Investment House’s management backbone through training and enrichment activities, among other things. In 2020, members of middle management participated in workshops on building personal resilience and storytelling. These workshops offered managers a toolbox for personal and professional development, empowered their ability to deal with personal challenges, provided tools for developing their subordinate employees, and more. Additionally, techniques were demonstrated on holding professional conversations with intra- and extra-organizational interfaces, and upgrading public speaking skills, including methods for delivering messages and gaining the attention, interest and involvement of the audience. In light of the COVID-19 crisis and the transition to a remote work arrangement for many employees, managers were also offered a workshop on “remote employment management”, which focused on the use of technological tools and conducting meetings through online platforms.

Employee recruitment and screening

The Investment House’s process for recruiting and screening new hires is done with the recognition that the employee experience begins already at that stage. In order to increase our base of potential employees, we launched an intra-organizational campaign called “bring a friend”, and also published videos regarding available jobs on social media, in a way that reflected the employee experience at the Investment House, and reach a broad and diverse audience. During the COVID-19 period, in order to facilitate the process for candidates and to comply with social distancing requirements, interviews were held through an online platform. **42% of the positions at the Provident and Pension Company were staffed through the “bring a friend” campaign.**

Intra-organizational promotion and mobility

We cultivate an organizational culture which encourages transition between positions and units in the Investment House, and view this as an opportunity for personal and professional development, opening a new employment outlook, and employee retention. In light of the above, each new position which opens up in the Investment House is first published within the organization, before contacting an external recruited, and is announced to employees via internal channels of communication, and through targeted campaigns. All employees can submit their candidacy for positions, provided they meet the conditions, and the process is conducted transparently, for both employees and managers. **23% of the positions at the Provident and Pension Company were filled through internal tenders.**

Promoting a Supporting and Empowering Work Environment

Investing in Employee Wellbeing

We strive to provide our employees with a pleasant and inclusive workplace that serves as a source of pride for them by creating an empowering and high-quality employee experience. The Investment House’s employees enjoy a broad and rich mix of wellbeing options, including offering them leisure opportunities, promoting a healthy lifestyle, and meeting social and family needs.

- Through a collaborative process with employees, we identify significant events throughout their professional and personal lives at the Investment House, celebrate together and give gifts on birthdays and holidays, births, weddings, weddings of employees’ children, and more. We also hold an “entering the first grade” event for the children of employees, and give them backpacks, bar mitzvah high school graduation events, with the participation of human resources and the managers of the Investment House.
- After three months of work at the Investment House, each employee is entitled to the benefit of collective health insurance, regardless of the scope or nature of their position.
- For employees who have been dismissed or have resigned from the Investment House, we work to provide consulting and professional guidance if needed. The Investment House also employs an intra-organizational pension marketer who helps our employees plan their pension future, through the company’s arrangement agent
- Events to celebrate over ten years of employment at the Investment House.
- Employees have available a social worker to accompany them at various life junctures, and to provide assistance when needed, including in periods of personal and family mourning.



- In addition to the vacation days which we are required to provide by law, we also provide two personal days and additional vacation days at the Investment House's expense in case of special events in the lives of employees, and during test periods for students.
- The Investment House allows extension of maternity leave upon request, offers nursing rooms to female employees, and social benefits beyond the legal requirements. Both men and women who have taken maternity leave are entitled to receive health insurance up to one year after the birth
- Employees are offered a variety of physical fitness classes and lectures on good nutrition. We also encourage participation in workplace sports leagues, including a futsal league, a women's Newcomb ball league, a basketball league, and more.
- Managers over the age of 40 are entitled to annual screening tests for early detection and disease prevention.

Activities for Employees During COVID-19

In 2020, a very short time after the COVID-19 pandemic broke out, the process of transitioning most employees to a work from home arrangement was completed. Immediately upon the transition, we provided employees with complete computer equipment, technical support when needed, landline and mobile telephones for customer service employees, and more. We also took care to send to the employees' homes holiday and mood-boosting gifts, and held a toast to celebrate special events on Zoom. We also maintained continuous contact with employees who were required to self-isolate at home, and sent ice cream treat packages to all employees who got infected with the COVID-19. We also routinely held fun activities for all employees of the Investment House and their families, including shows featuring well-known artists which were recorded on the rooftop of the group's offices and broadcasted to employees online, enrichment lectures for employees and their children on various subjects, including family life, parenting and relationships, violence against women, ergonomics, etc. The experiential activities for employees and their family members were adjusted to the period's circumstances, therefore no activities were canceled.

Intra-Organizational Communication

We believe in conducting open and transparent dialogue with employees and managers, and view this as a central means for making them partners in all fields of activity. Accordingly, the Investment House has an "open door" policy in which each employee is invited to contact senior management, and additional dialogue channels are also available:

- **Roundtable forum** – From time to time we hold roundtable forums with the participation of the CEO and other executives. In these meetings, employees raise problems and challenges encountered in their routine work, and discuss together ways to improve the work environment.
- **Coffee with the CEO** – From time to time the CEO invites around five employees to his office to hold an open discussion regarding their work at the Investment House, in order to facilitate dialogue and to hear their opinions regarding the activities and processes taking place at the Investment House.

- **"Coffee with partners"** – From time to time the CEO invites around five employees to his office to hold an open discussion regarding their work at the Investment House, in order to facilitate dialogue and to hear their opinions regarding the activities and processes taking place at the Investment House.
- **Assessment and feedback talks** – Since 2019, the various units in the organization have hosted one another and held joint meetings. The purpose of this activity is to strengthen intra-organizational partnerships, get to know the members of different teams and their fields of activity, and strengthen interpersonal relationships, thereby creating a warm and pleasant work environment.
- **Assessment and feedback talks** – Annual feedback talks are held between the personal managers and their subordinate employees. These feedback talks allow creating an open dialogue between managers and employees, and contribute to the process of professional and personal development. **In 2020, 93% of the Provident and Pension Company's employees received feedback talks of this kind.**
- Maintaining continuous contact with employees who have transitioned to a remote work arrangement, while listening to and evaluating the challenges and significance of work during the COVID-19 period. The dialogue was held through online conversations, conferences and meetings in the various units.

An intra-organizational climate survey is conducted biennially in the Investment House, the results of which are distributed to the Investment House's managers, and constitute the basis for the creation of work plans. The major insights arising from the survey, and the planned processes in light thereof, are distributed to all employees. The next employee survey is planned for July 2021.

Promoting Diversity and Inclusion in the Workplace

The Investment House has significant female representation throughout all departments and ranks, including in core activity positions. At the Provident and Pension Company, women make up 58% of all employees, 59% of managers, and 67% of senior management. The warm and welcoming work environment encourages a work-home balance, and due to the conditions provided by the Provident and Pension Company, around 95% of mothers who take maternity leave return to the same position, if they are interested in doing so. **There is no wage gap at the Provident and Pension Company between women and men in the same position.**

We also strive to diversify our human capital and employ people from under-employed backgrounds, including members of minority groups, members of the ultra-orthodox community, and people with disabilities. For this purpose, dedicated positions have been established, to be staffed by members of those groups, and we continuously communicate with non-profit organizations specialized in diversified placement.

In all the Investment House's experiential events, including company events and lectures on various platforms, we make sure that the content is available to employees with disabilities, through sign language interpreters.



Preventing Harassment or Mistreatment of Any Kind

We provide our employees with a safe and pleasant work environment, and have a zero-tolerance policy towards harassment, discrimination or mistreatment of any kind. The VP of Human Resources oversees the prevention of sexual harassment in the organization, and coordinates handling of the matter and implementation of regulatory directives. The policy and regulations regarding the prevention of sexual harassment are published openly and clearly throughout the offices, and the subject is addressed as part of the Investment House's onboarding process for new hires during orientation and in dedicated training sessions. As part of the efforts to create a pleasant and safe work environment for all employees, an anonymous hotline is provided in case of mistreatment or discrimination, which is staffed by employees of the human resources department. All employee computer workstations also have a button which allows anonymous contact to one of the following three company officers: the CEO, the sexual harassment prevention supervisor, or the compliance officer. Each of these individuals is required to evaluate the messages sent to them, and to address the matter while protecting privacy, professionalism and integrity.

During the reporting year, no complaints regarding sexual harassment, discrimination or mistreatment, which were deemed justified, were received in the Provident and Pension Company.

Promotion of Safety and Health

In order to maintain a safe work environment for employees and for all other visitors to our offices, comprehensive and in-depth safety surveys are conducted by a licensed safety engineer each year. The final report and its findings are submitted to the CEO and to senior management, who are required address any gaps, learn lessons and refresh cross-organizational policies when needed. Additionally, as part of the Investment House's onboarding process for new employees, they are required to complete a training session on safety, which addresses, among other things, aspects of safety and accessibility in the company's offices, fire and electricity safety, and the protocol for emergency situations.

In 2020, four lectures were given to employees of the Investment House's operations and service departments regarding ergonomics and a safe work environment. Additionally, seven employees were involved in road accidents during work trips.

Employee Salaries and Compensation

The Provident and Pension Company pays its employees a fair salary in accordance with the law, and complies with all provisions of the law regarding the compensation and employment terms of employees. The compensation terms of key position holders at the Provident and Pension Company are subject to the provisions of the compensation policy, in accordance with the provisions of the law which apply to the Provident and Pension Company. The compensation of officers in the Provident and Pension Company is subject to the Company's compensation policy, as determined by the board of directors. We also incentivize employees by distributing annual bonuses, subject to the fulfillment of the Provident and Pension Company's targets, and personal targets. As part of the employee compensation program of the Provident and Pension Company, when the Provident and Pension Company went public, options were granted to employees with two or more years of seniority. In 2020, the minimum salary at the Provident and Pension Company was NIS 6,000. This payment is higher than the Israeli minimum wage.

The ratio between the highest annual salary in the organization and the median salary of all employees was 7.8 in both 2019 and 2020.

The company fulfills the conditions and provisions prescribed in law on all matters associated with termination of employment, and conducts the required processes in this regard. The conditions of terminating the employment of the Investment House's employees are specified in the personal contract, which refers to all welfare aspects, as well as employee retirement. Retiring employees are entitled to the personal guidance of a social worker, and to a dedicated retirement workshop.

Looking Ahead to 2021-2022:

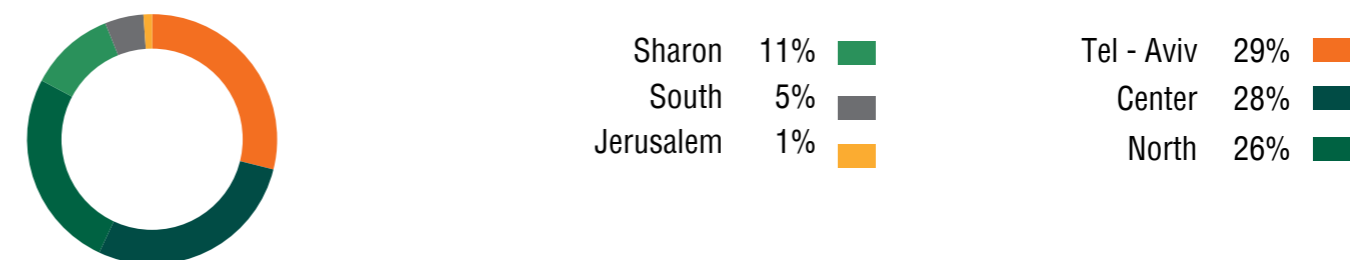
- The launch of the "healthy lifestyle" platform allows registration for various workshops, enrichment courses and lectures, in order to promote a healthy, mindful and balanced lifestyle among employees.
- A gym for employees will be made available in the Investment House's Tel Aviv office.
- Implementation of a new and improved organizational learning system - "Focus", which will allow managers and employees quick and convenient access to professional and training content, content on building professional skills, and enrichment content. The system will also include a "new hire environment", which will include information for new employees, including videos regarding milestones in the company's journey, videos on basic capital market terminology, digital quarterly summary newsletters, social and fringe benefits provided to employees, and more. The implementation of the system is expected to continue in 2022 as well, along with the implementation of human resources management systems and an intra-organizational portal.
- Transition to remote work once a week, except for certain positions which require full in-person attendance.

Our Employees

2020 in numbers:

- The Investment House has **1,095** employees. The Provident and Pension Company has **704** direct employees and around **250** are outsourced or employees of the Investment House's related companies, who are mostly engaged in the provision of services to the Investment House.
- For several years now, the Provident and Pension Company has been growing, which is also reflected in workforce numbers; In 2020, the Provident and Pension Company hired **195** new employees (**62%** of them women), and **127** employees left the Provident and Pension Company.
- Around **80%** of the total workforce has been employed for less than **5** years. The employees who hold core positions at the Provident and Pension Company, including investment managers, trading room employees, and others, include managers with substantial seniority and experience, who have been with the company many years.
- **93%** of the employees participated in a feedback and performance assessment process which is conducted annually. The feedback process focuses on creating open dialogue between employees and managers, while discussing goals and targets, personal and professional development, and future promotion opportunities.
- Due to the COVID-19 crisis in 2020, the number of training hours and days decreased, and most learning activities transitioned to online platforms. Throughout the year, employees of various ranks were trained for a total of **32** days and **274** hours. Each hour of training was attended by an average of around **20** employees and managers (**5,480** organizational training hours in total).
- **95%** of employees are employed in full time positions, and only **5%** are employed part time.
- **42%** of the positions were filled through the "bring a friend" campaign in 2020.
- **43** female employees took maternity leave, and **20** employees resumed routine work. **2** female employees chose not to continue their positions in the company after taking maternity leave. -
- Most employees live in the Tel Aviv / Central Region (**57%**), and the remaining employees come from other regions of Israel, with **26%** of the employees living in the Northern Region.
- The Investment House protects the unionization rights of its employees, and although there is no employee committee, and all employees are employed through personal contracts.

Area of Residence of the Provident and Pension Company's Employees



Distribution of Employees by Gender and Rank

Rank	Women	Men	Average age
Executive Management	6	3	45
Middle management	19	18	40
First-line management	36	21	34
Employees	349	252	33
Total	410	294	704

The average employee age is **33**

67% women in senior management

58% the employees of Altshuler Shaham Provident and Pension Funds Ltd. are women

Employee seniority

Employees' range of seniority	Percentage of employees
Up to 5 years (inclusive)	82%
6-10 years (inclusive)	13%
11-12 years (inclusive)	5%



Community Responsibility

The Investment House has been committed to advancing the Israeli society and community since its establishment in 1990. This issue constitutes an integral part of the organization's identity and DNA, and one of the core values of the Investment House and its founders.

Along with our business activities, we provide monetary donations and sponsorships, and volunteer in various nonprofits to reduce social gaps and assist with needs that arise. Our community activities take place while listening, caring, taking responsibility and striving towards a significant, long-term partnership with social organizations.

Our community involvement takes place on two levels:

1. Economic Support

Including assistance to social organizations specialized in various activities, with an emphasis on education (children and teenagers) and sports. This support is expressed in the form of monetary donations, collection and donation of equipment ("cash equivalent" donations) and sponsorships. **The Provident and Pension Company donated a total of NIS 5.4 million in 2020 to various associations and social causes.** All donations are made to associations and social organizations which are not directly related to the Provident and Pension Company, its owners or its officers⁷.

The Investment House focuses on aiding associations that work with children and teenagers, education and sports, such as:

- **Unistream** – An association which is engaged in reducing social gaps by training at-risk teenagers and youths on leadership and business and social entrepreneurship. As part of the sponsorship which is provided by the Investment House, the association has a project which focuses on the development of Fintech and capital market ventures. Kalman Shaham also leads and accompanies the youths as part of his role as a central mentor of the association.
- **Yad LaYeled** – A dormitory for at-risk children, including victims of sexual assault and domestic violence, located in Kiryat Malachi. The Investment House has supported the association's operating activities since 2013.
- **NATAL** - NATAL Association has been operating for 23 years, and is focused on providing emotional assistance to victims suffering trauma from terrorism and war, and to help them deal with the "open wound" they carry. The association aims to be the leading entity in Israel providing help and treatment to victims suffering trauma from terrorism and war, to serve as a framework for preventive training and intervention, and to serve as a center for

promoting knowledge and awareness on all matters associated with war-and-terrorism-related trauma in Israeli society. The Investment House has been supporting NATAL and helping to promote its activities for over a decade. In 2013, the association launched the unique initiative "running in color" - a race intended to raise awareness for victims of PTSD from terrorism and war. In the race, the runners are painted as a symbol of painting the open wound, in order to increase awareness of the issue. The Investment House is a primary sponsor of the race, which includes the participation of the owners and some of the organization's employees each year.

- **Variety Israel** - Variety is an association that helps children with special needs and their family members. The organization's activities assist these children in improving their functional abilities, developing independence, and eventually integrating into Israeli society in the best possible way.

The Investment House has supported the association's activity since 2018, by serving as the primary sponsor of the annual poker tournament, in which players from Israel and around the world participate. The tournament is held over several hours, and is intended to raise funds for the association's continued activity.

Support for Sports Activities, Especially Programs with Significant Social Impact

Our support for sports is a longstanding tradition, and is expressed in several ways, which are tailored to the needs of our partners in the community. When choosing an organization to sponsor, we aim to provide guidance and support to small entities and ventures which are in their early stages, and thereby to help them grow, expand and develop professionally. Over the many years that we have been accompanying groups and individuals in various fields of sports, we have seen significant improvement and progress in the achievements of both individuals and groups.

The Investment House currently provides around 28 active sports sponsorships (9 individual athletes and 18 groups, while also sponsoring the Israel national football team)

- **"I Run Too" group** – A national venture of running groups intended for women facing various stages of breast cancer. The group is led by volunteer running coaches and personal trainers who are in the top of their fields in Israel. In recent years, the venture has gained steam and has expanded to over 45 running and fitness groups throughout the country, from Nahariya to Beer Sheva. As part of our support for the venture, we accompany the activity, support social media and media activity, help with purchasing specially adjusted clothes, and more.
- **Support for Paralympic sports** – In recent years, the Investment House has also accompanied and supported Paralympic athletes, including Moran Samuel and Pascal Berkowitz in rowing, and Ami Dadon in swimming. We also support "Ze'evonim" - the sports club for hard-of-hearing persons.

7. For additional details regarding Provident and Pension Company's donations, please see page 12 of the board of directors' report for 2020.



- **Israeli national amputee team** – The amputee football team was established in August 2019, and around 25 players of various ages currently play in the team, including IDF disabled soldiers, road accident victims and persons undergoing rehabilitation for various reasons. The team recruits male and female amputee players and integrates them into various groups, builds special training plans for amputee children, and participates in official international tournaments and games in Israel and around the world. As part of our support for the team, we accompany their routine activity, support travel to official games, accompany media activity, assist with purchasing the team’s official uniform, adapted equipment, and more.
- **Hapoel Jerusalem (formerly Katamon) football club** – The club, which is the first football club in Israel to be owned by its fans, has been supported by the Investment House for over a decade. The club includes teams for men, women and children, as well as the “neighborhood league” - a social program promoting the inclusion of people with disabilities and from various population groups from around Jerusalem, in games and sports activities.
- **Hapoel Altshuler Shaham Beer Sheva basketball club** – the basketball club was formed in 1965, and is guided by community and social values. The Beer Sheva basketball club is currently leading in the entire Southern region, and includes the participation of over 700 children, youths, women and men. The Investment House has supported this activity since 2014.
- **Mamanet** – The mothers' league is a social sports program where mothers play Newcomb ball together. Mamanet has over 70 leagues in Israel and around the world, and over 18,000 registered players.

The Mamanet model, which is recognized by governmental organizations, the UN, international sports organizations, and more, is a source of Israeli pride. The activity is cross-sectoral, and includes the participation of players from the secular, ultra-orthodox, Arab, Druze and Bedouin sectors, as well as players with disabilities and seniors. The league’s activity promotes sports as a lifestyle, along with the values of partnership and co-existence, excellence, mutual respect and personal example, which correspond significantly to the Investment House’s values. Our aspiration is for the women players to serve as ambassadors and transmit these values also to their children and close environment. As part of our support for the program, we accompany the activity, support travel to official games in Israel and abroad, accompany the activity on social media, advise and guide regarding appropriate representation in media interviews, assist with purchasing clothing, and more.

- **Israel national football team** – The Investment House has accompanied Israel’s national teams since 2014. Along with the support for various athletes - individuals or groups - we also consider it highly important to accompany the team that represents the country. The national team is guided by several values, including achievement, competition, professionalism and innovation. These values are continuously expressed in our professional worlds as well. In November 2020, the players of Israel’s national team invited the Israeli public to participate in extending economic assistance to families who suffered economically due to the COVID-19 crisis. This campaign was launched in collaboration with Latet association, under the slogan “We’re Committed to You”. The Investment House participated in providing assistance, and donated many food baskets to needy families.

2. “AS Factor” Employee Volunteering Project

The volunteering project has been run by the Investment House for eight years, and is intended to assist with various social needs, while deepening our connection to our employees in the community. We encourage our employees to volunteer, and provide them four volunteering hours per month at the expense of work hours. In recent years, there has been a continuous increase both in the number of volunteering employees, and in the number of volunteering hours per employee, although in 2020, due to the COVID-19 pandemic, most volunteering activity was stopped.

Our Partners in the Community:

- **“Make-A-Wish Foundation”** – In this volunteer activity, our employees help to fulfill the wishes of children facing life-threatening illnesses. The employees are involved in fulfilling wishes from the idea stage, through the recruitment of additional volunteers as needed, to the actual production of the wishes.
- **“Taste of Childhood”** – A program aimed at building connections between youths and seniors through events involving cooking childhood dishes together, and bringing up pleasant memories. As part of the activity, the company’s volunteers come to the homes of seniors to cook, document the joint process and the final product, and hear fascinating life stories. In addition to the inter-generational connection, the program also provides a fun and original activity to volunteers and seniors, and helps to ease loneliness.
- **“Lilach Ve’Echpat” activity centers** – The activity centers provide a warm and welcoming home for children aged 3 to 12 from families of a low socio-economic background. The volunteer employees come to the activity center on a regular basis, once every two weeks, help the children do their homework, and participate with them in games and social activities.
- **“Bridge to Youth”** – Bridge to Youth association works to transmit tools and life skills to youths who are at risk and at the point of dropping out from formal education frameworks, in order to integrate them into Israeli society in the future as productive citizens. In this activity, the Investment House’s volunteers meet with middle school youths and help with personal mentorship and supporting their studies on various baccalaureate subjects.
- **“Etgarim” Association** – The association works on the advancement and social integration of children, teenagers and adults with disabilities, through extreme sports activities among other things. In this activity, the volunteers attend, once every two weeks, joint bike rides, sailing trips, and challenging rope courses. The communal sports activity contributes to the development of a relationship and partnership between the volunteers and the association’s beneficiaries, and opens a window for our employees into the lives and challenges of people with disabilities.



- **“Bridge to Youth”** –In this volunteer activity, our employees visit Holocaust survivors in Ramat HaSharon and Tel Aviv, keep them company, and help ease their loneliness.

In light of the COVID-19 restrictions which were imposed in February-March 2020, and the significant increase in infections, we were forced to make many changes and adjustments to the volunteer activity, in light of the fact that some of our target population groups and beneficiaries in the community are at risk groups. However, we did everything in our power to continue the volunteer activity to continuously maintain contact and support for organizations and associations, while uncompromisingly upholding the guidelines, and protecting the health of all participants.

As an example, as part of the collaboration with Etgarim, we carried out digital events or events in open spaces, and delivered gifts to the association’s trainees. As part of the Taste of Childhood activity, we reduced the number of meetings and participants and transitioned to telephone contact, and held a summit meeting where volunteers cooked with seniors. As part of our activity with the Make-A-Wish Foundation, we succeeded in making wishes come true with a limited number of volunteers, in accordance with the instructions. The activities of “Bridge to Youth” have been held online since the pandemic broke out in Israel, and continues throughout the entire year. The activity of Holocaust Survivors Welfare Foundation transitioned to a framework of telephone calls between volunteers and Holocaust survivors.

Year	2018	2019	2020
Total volunteer hours	4,332	6,312	1,143
Total volunteer employees	103	148	160

Additional Community Activities During the COVID-19 Period

During the COVID-19 period we supported, to the best of our ability, population groups who suffered the most from the crisis, while focusing on workers from the cultural industry which was completely shut down for many months, small businesses which are more vulnerable to market volatility, and disadvantaged populations. **We led the following projects:**

- Throughout 2020, we financially supported artists during the pandemic by hosting live performances on the company offices' rooftops in Haifa and in Tel Aviv.
- On the eve of Rosh Hashana and in cooperation with welfare departments of various municipalities, we distributed food vouchers to over one thousand families in need. Additionally, 550 cultural industry workers, such as theater workers, lighting specialists, sound technicians, theater actors, singers, and their families, received gift vouchers of a similar amount.
- We made a monetary donation to Magen David Adom to support their intensive and lifesaving work during the COVID-19 pandemic.
- The pandemic intensified the distress of victims of terrorism and caused high levels of post-traumatic stress calls, up to a point where call centers collapsed. Therefore, we increased our routine support for NATAL, which assists trauma victims of all ages.

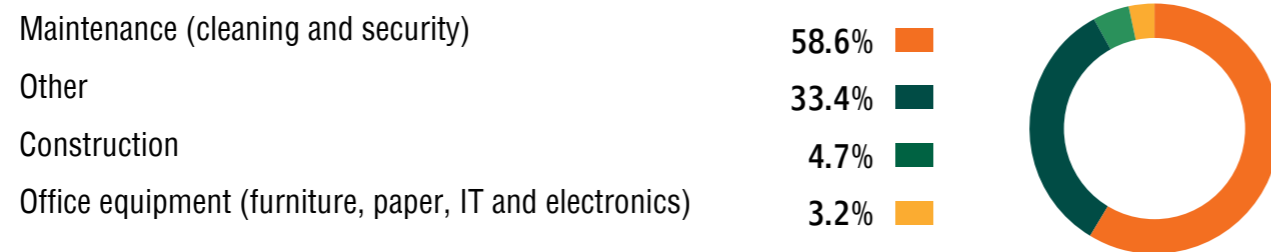
Looking Ahead to 2021-2022:

- Considering an increase of the budget for community donations.
- Expanding the available selection of associations for collaboration and employee volunteering.

Responsible Supply Chain Management

As a leading business group in the Israeli economy, we consider it our duty to treat our suppliers with dignity, integrity and reliability, while completely fulfilling our obligations to them. Maintaining and cultivating relationships with suppliers allows us to provide our customers with high-quality, reliable and available service, in addition to increasing collaboration and creating a relationship built of trust therefore improves the company's business results. Similarly, we expect our suppliers to work with us in accordance with high ethical standards which are consistent with and correspond to the company's values. The Investment House's routine activity is based on a supply chain which is comprised of various suppliers of goods and services, of varying sizes. All purchasing activity takes place under the operations and logistics department.

Segmentation of suppliers by type of purchase



The year 2020 in numbers⁸:

- The Investment House's list of suppliers includes **40** active suppliers.
- The scope of purchases in 2020 amounted to around NIS **11 million**; **74%** of the total scope of purchases was from small and medium suppliers.
- A total of **NIS 1,700,000** "social" purchases from associations and businesses that employ people with disabilities.

Promoting Responsible Procurement

As part of our comprehensive approach to corporate responsibility, we strive to implement sustainability principles also in the company's procurement. Therefore, when purchasing products and engaging with new suppliers, suppliers who use environmentally friendly materials and/or suppliers offering added social value (e.g., suppliers employing people with disabilities) are prioritized, as long as the product and its quality meet our requirements.

8. The purchasing data apply to Altshuler Shaham Investment House

Select Examples of Environmental Procurement:

- When purchasing a washing machine and dryer for the building's washroom, options that did not meet the most stringent environmental standard (A) were disqualified.
- We purchase rugs compliant with the environmental ISO standard, without fire retardants and bromine.
- Cleaning materials which are used to clean the offices are supplied by an external company that is committed to using ecological products only.
- The bathrooms include toilet paper made of recycled paper.

Protecting the Rights of Supply Chain Workers

We aim to create a pleasant and welcoming experience for our contract workers, who provide services in the Investment House's offices (in the fields of cleaning, safety and construction), and treat them as employees for all intents and purposes. These workers are entitled to various unique benefits, including holiday gifts, participation in the Investment House's events, and other benefits to which all our salaried employees are entitled. In order to ensure that they receive fair treatment and employment terms in accordance with the law, frequent external audits are conducted, during which the workers' pay slips are received, evaluated them and ensured that all of their rights are fully protected. We also request quarterly employment reports from external contractors. When necessary, the contract workers can directly contact the Department of Logistics and Operations regarding any issue or problem they have encountered. For example, cleaning workers contacted the operations and logistics manager with a request to improve their working conditions; a coffee supplier that ran into difficulties contacted the Investment House with a request for assistance, etc.

Looking Ahead to 2021-2022:

Donating unused computers and IT equipment, as an alternative to scrapping them, as part of the national "Mitmachshevim" program, sponsored by the President of Israel. The program, which is intended to assist students who do not own computers, became particularly essential during the COVID-19 crisis due to the remote learning requirements.



Reducing Negative Effects and Helping the Planet

The Investment House recognizes the importance of sustainable environmental management, and is committed to adopting measures to protect the environment and reduce negative effects from its activities, whether direct or indirectly. The Investment House operates according to a sustainable, long term and forward-looking approach, and strives to minimize negative environmental impacts as much as possible. Resources used for operating activities, including electricity, fuels for transport, paper, office equipment, and more, are treated as resources which should be consumed and managed responsibly, while striving for efficiency and savings. This approach creates “shared value” - environmental value as well as financial and economic value, which are achieved by recruiting employees to the cause and raising their awareness of environmental protection.

For several years, the Investment House has held the “green challenge” - a process to encourage and incentivize employees to offer initiatives and innovative value offers regarding the environment, based on their experience and day-to-day lives.

The Investment House fully complies with relevant regulations and laws on all matters pertaining to environmental protection. During the reporting year, no environmental fines were issued, and the Investment House was not party to any material legal proceedings in connection with the environment.

The following are selected environmental initiatives:

Reduction of Transport Emissions:

We reduce the consumption of fuel for our vehicle fleet, employees’ leasing vehicles, travel to offices and meetings outside of the office, in the following ways:

- Out of the five leasing car models which are offered to employees, four models are hybrid or plug-in hybrid vehicles which contribute to a significant reduction in fuel consumption, thereby reducing air pollution.
- Employees with electric vehicles are entitled to the installation of a charging station at the Investment House’s parking lot.
- We encourage employees to come to work by electric bicycles or scooters. A specialized bicycle parking station has been set up in the Investment House’s parking area, and is equipped with charging stations, tool stations for maintenance and repairs, and lockers to store the riders’ equipment. For employees who would like to freshen up after their ride, we offer a pleasant and well-equipped washroom. This initiative was formulated as part of the “green challenge” program.

The Investment House’s vehicle fleet includes 153 vehicles, 89 of which are hybrid or plug-in hybrid vehicles.

Reduction of Electricity Consumption:

Electricity is a major resource used by the Investment House. We believe that this resource should be managed in accordance with the hours of the day and the seasons of the year, and that efforts should be made to use it as sparingly and efficiently as possible. The Investment House purchases electricity from the Israeli Electric Corporation, which does not include direct consumption from renewable energy sources⁹.

Select processes to reduce the consumption of electricity:

- The entire lighting system at the Investment House’s offices in Tel Aviv has transitioned to LED lighting, which is energy saving and environmentally friendly relative to fluorescent lighting.
- The Investment House has “evening supervisors” who pass through the offices at the end of each day and verify that all lights and air conditioning systems have been fully switched off. A main switch was also installed, which automatically turns off all electricity.
- During office renovations, we make sure that curtain walls are exposed to allow the entry of natural light and the use of daylight, thus saving more energy.

Reduction of Paper Consumption:

Considering the nature of the Investment House’s business activity, paper is one of the main raw materials that are used. This resource is managed by reducing consumption and increasing recycling. In recent years, several processes have been implemented which have contributed to significant conservation of paper, such as:

- Removing personal/team printers from the offices and creating printing centers instead. This process led to a reduction in the number of printouts and to the printing of solely essential documents by employees.
- The Investment House strives to digitize as many actions and documents as permitted by law, in addition to transitioning from post mail to email communication. For example, the process of opening a managed portfolio for a customer, which in the past required printing dozens of pages, has been transitioned to a fully digital form.

9. Aside from renewable energy which is part of the Israeli Electric Corporation production mix.



Additional Environmental Initiatives:

- At the Investment House's offices in Tel Aviv, over 15 recycling stations for paper (dedicated bins located near the work areas), batteries, and plastic and glass bottles, have been installed. In order to encourage employees to cooperate and raise awareness to the importance of recycling, a bottle collection competition was held between the departments in 2020. The department that collected the most bottles got to choose a social organization to which the deposit amounts which donated to. The winning department chose a non-profit dedicated to the prevention of domestic violence.
- In 2019 and 2020, a pilot program was held for transitioning from single use plastic (cups for hot and cold beverages, plates and cutlery) in all of the company's kitchenettes, and dishwashers were installed. As of the publication date of this report, this process has been suspended due to the COVID-19 pandemic, and the preference of employees to use single-use utensils. This initiative was formulated as part of the "green challenge" program.
- All bathrooms and kitchenettes have water savers installed on the faucets, which contribute to the reduction of water use.

Looking Ahead to 2021-2022:

- Full transition to digital business cards instead of the "traditional" business cards.
- The Investment House will provide and fully finance a plug-in charger to all employees who own electric vehicles.



Governance ¹⁰

The Provident and Pension Company operates in an extensively regulated environment, which includes primary legislation, standards and regulations with which the Provident and Pension Company is required to comply, including: The Control of Financial Services Law (Provident Funds), the Companies Law, the Control of Financial Services Law (Pension Advice, Marketing and Clearing Systems), the Securities Law, the Companies Law (Insurance), the Joint Investment Trust Law, the Prohibition on Money Laundering Law, Amendment 190 to the Income Tax Ordinance, the 2012 Control of Financial Services Regulations (Provident Funds)(Management Fees), the 2013 Control of Financial Services Regulations (Provident Funds)(Insurance Covers in Provident Funds), the 2014 Control of Financial Services Regulations (Provident Funds)(Payments to Provident Funds), etc. These regulate the activity of the Provident and Pension Company on various levels, its methods of management, the methods for performing external and internal audits, and the various fields in which it is permitted to engage.

The Company's Board of Directors ¹¹

The Provident and Pension Company's board of directors operates in accordance with the provisions of the law regarding corporate governance, and outlines the company's strategy, values and vision. The board of directors is responsible for determining the general policy, and the financial conduct activity based thereupon. The process of selecting directors in the Provident and Pension Company is determined in accordance with the provisions of the Companies Law.

In 2020, no new directors were appointed in the Provident and Pension Company.

- **10** directors
- **100%** of the board members have accounting and financial expertise
- **50%** of the directors are external
- **8** men and **2** women serve on the board of directors
- **2** directors are less than **50** years old; **8** directors are **50-70** years old

10. Details regarding the voting policy of the provident funds and pension funds which are managed by the company are available on the website of the Provident and Pension Company. 11. The chapter regarding the Provident and Pension Company's board of directors, including quantitative data, pertains to the Provident and Pension Company only.

Independence of the Board of Directors

The composition, duties, authorities, operating methods and independence of the board of directors are subject to the provisions of the circular regarding the board of directors of institutional entities, which entered into effect in April 2019. In accordance with section 7 of institutional entities circular 2018-9-31, "board of directors of institutional entities" (the "Circular Regarding the Board of Directors of Institutional Entities"), and in light of the fact that controlling shareholders of the Provident and Pension Company also serve as key position holders in the Provident and Pension Company, half of the board members are independent directors. The Chairman of the Board, Ran Shaham, also serves as the Joint CEO of Altshuler Shaham Ltd. and of the Investment Portfolio Management Company.

Prevention of Conflicts of Interest

The Provident and Pension Company operates in accordance with the regulatory directives regarding conflicts of interest, including the provisions of the Companies Law and the circular regarding the board of directors of institutional entities. In accordance with the provisions of the Companies Law, an external director will refrain from any action which involves a conflict of interest, whether with respect to their business affairs or routine activities between them and the corporation. The organization's policies establish mechanisms for avoiding conflict of interest situations of, even when they do not constitute permanent conflicts of interest.

Upon their appointment, external directors are requested to declare absence of any ties, affiliations or control over the Provident and Pension Company or any other party on its behalf, and are required to renew said declaration every three years, upon the renewal of their appointment.

The Provident and Pension Company and its employees are aware of the fact that their activities are performed in a sector rife with conflicts of interest. They therefore avoid, as much as possible, and in accordance with any applicable laws, any activity which could oppose the company's commitment to its customers and/or place the company and/or the employees in any conflict-of-interest situation, and refrain from using their positions for personal gain. In case of any situation involving the concern of a conflict-of-interest situation, full and transparent due diligence must be conducted, to the best of their ability, in order to resolve the conflicts of interest. In case of a potential conflict of interest for one of the board members, the member in question will disqualify themselves and refrain from influencing, in any manner whatsoever, the board of directors' resolutions, in order to ensure that these are passed for the benefit of the Provident and Pension Company and its customers only.

Additionally, in accordance with section 254 of the Companies Law, directors and officers of the Provident and Pension Company have fiduciary duty towards the Provident and Pension Company, and comply with the policy regarding the segmentation of activities and the allocation of business opportunities.



Qualifications and Expertise of Board Members

Board members receive professional training based on an annual training program which is tailored to the Investment House's strategy, and which addresses professional subjects and subjects related to the board of directors' responsibilities, and corporate governance. Thus, training sessions and seminars in 2020 were conducted for the board members on various subjects, including training on proper governance, responsibilities of directors and officers, technology, innovation, and more.

For additional details regarding the education and professional experience of the directors serving in the Provident and Pension Company, please see page 14 of the 2020 financial report.

Activity of the Board of Directors and Board Committees

The Provident and Pension Company's board of directors determines the formulation of strategy, policy and guidelines for the Provident and Pension Company's activity, while overseeing the activities of management and verifying that the Provident and Pension Company is operating in compliance with laws and regulations. The board of directors also approves the quarterly and annual financial statements, including the Provident and Pension Company's risk management policy. In its work, the board of directors takes into account environmental, social and governance considerations, as well as risks and opportunities arising from those considerations, as part of its routine activity and the Provident and Pension Company's annual targets.

Five different committees operate in the board of directors of the Provident and Pension Company, each of which addresses different managerial aspects of the Provident and Pension Company:

Audit committee

External directors only serve on this committee. The audit committee monitors the implementation of the annual internal audit work plan, through quarterly reports which are submitted to it. Insofar as changes or updates to the work plans are required, they are implemented in coordination with the audit committee.

Investment committee

The investment committee determines the investment policy and considers adjustments to the investment policy which has been established by the board of directors. Two external directors serve on the committee.

Compensation committee

External directors only serve on this committee. The committee focuses on formulating the compensation policy and employment terms of controlling shareholders and officers. Five external directors serve on the committee.

Risk management committee

This committee serves as a tool of the board of directors, which allows it to streamline its activity in a more limited panel of directors with specific expertise on this subject. Two external directors serve on the committee.

Officer Compensation

The Provident and Pension Company's compensation policy is subject to, inter alia, the provisions of the Companies Law, the provisions of the consolidated circular entitled "compensation" (the "**Compensation Circular**") and the Compensation for Officers in Financial Corporations Law, and its purpose is to define the policy of the Provident and Pension Company regarding officer compensation, and to increase transparency vis-à-vis shareholders. In October 2019, in accordance with the compensation committee's recommendations and the board of directors' approval, the general meeting of the Provident and Pension Company approved the updated compensation policy for the company's officers (hereinafter: the "**Compensation Policy**"), with around 96.7% of the votes being in favor. The compensation policy was formulated with the assistance of external consultants, and is updated from time to time according to the frequency required by law.

The Provident and Pension Company's practice is to compensate its officers through **two main components**: a fixed component, which constitutes the main compensation for officers, and includes the fixed monthly salary, social benefits and fringe benefits. The variable component refers to the compensation for officers with respect to the fulfillment of the company's KPI's, and, insofar as may be required, in accordance with the provisions of the legislative arrangement, and is defined in a manner which encourages striving to meet business, professional and personal targets, and personal performance assessments, based on a structured process for the assessment of officers.

Additionally, the salary component cost of the Provident and Pension Company for the company's CEO will not exceed NIS 2.5 million, and for officers who are not directors or the CEO, will not exceed NIS 2 million. The proportion of the annual variable component will not exceed 100% of the annual fixed component, except as specified in the compensation circular. The rate of an officer's annual variable component in the field of control will not exceed 90% of the annual fixed component. In case the compensation committee and the board of directors have determined that extraordinary conditions have been met, pertaining to a non-recurring business event, and which do not apply to a broad group of officers, the compensation committee and the board of directors are authorized to determine that the rate of an officer's annual variable component



(excluding the CEO and the Chairman of the Board) will not exceed the foregoing proportions of the annual fixed component, provided that it does not exceed 200% of the annual fixed component.

The compensation policy for offices allows, subject to the approval of the compensation committee and the board of directors of the Provident and Pension Company, offering its employees to participate in plans for the allocation of restricted Company shares and/or options exercisable into shares and/or other share-based instruments. The granting of equity compensation to officers constitutes a positive incentive for the continued provision of services to the company, and creates a partnership in a long term process.

The compensation for external directors, independent directors and external representatives on the investment committee complies with the provisions of the 2000 Companies Law (Rules Regarding Compensation and Expenses for external director), and the compensation circular.

The compensation for directors who are not external directors is annual compensation and/or compensation per meeting, such that it does not exceed the compensation which is paid to external directors, in accordance with the Compensation of External Directors Regulations.

The compensation of the Chairman of the Board will be annual compensation and/or compensation per meeting, and will not exceed NIS 2.5 million per year¹².

For additional details regarding the compensation policy of the Provident and Pension Company, including variable compensation, deferred compensation and clawback mechanisms for bonuses which have been given, see the officer compensation policy of the Provident and Pension Company, as approved in 2019, on the company's website.

Board Members Pay Gaps and Compensation

The compensation for board members, including reimbursement of expenses, is given in accordance with the 1994 Government Companies Regulations (Compensation and Expenses for Public Directors in Government Companies). In 2020, the compensation paid to the board members of the Provident and Pension Company amounts to a total of NIS 1.659 million, of which NIS 1.532 million were paid to external directors (for additional information, see the 2020 financial report, section 3.4, page D-5).

12. Information regarding the compensation policy of the Provident and Pension Company is available on the company's website.

Compliance

The Provident and Pension Company is subject to an extensive system of laws, circulars and guidelines, including guidelines of the Capital Market Authority. These regulations address many issues, including, inter alia, provisions regarding the managing company's structure, including corporate rules, licensing requirements, and requirements in connection with control and holding of the company, and provisions regarding its activities and routine operations in the management of provident funds and pension funds, including restrictions on the performance of investments, management of members' rights, the prohibition on money laundering, provisions and restrictions regarding the collection of commissions and management fees from members, provisions regarding the management of business continuity in emergency situations, and more. The Provident and Pension Company is also exposed to regulatory risks and to the imposition of financial sanctions due to non-compliance with the provisions of the law, and has therefore created an enforcement infrastructure, work policies and control and reporting processes, in order to address those risks (for additional details, see the 2020 financial report, section 3.26.2, page A-67). Any violations are strictly investigated, and penalties are imposed in accordance with the case in question.

During 2020, there were no cases of non-compliance with regulations regarding the marking and publication of information regarding products and services, or regarding the provision of customer service.

Ethical Code of Conduct and Prevention of Corruption







The Provident and Pension Company strives to operate fairly and responsibly vis-à-vis all of its stakeholders, in light of the core values which are included in the organizational ethical code of conduct. The code, which is approved annually by the company's board of directors, serves as our compass, and reflects our principles of corporate responsibility.






The CEO works in collaboration with Company management on the implementation and adoption of the ethical code of conduct, and the rules of conduct which are derived therefrom, and is the address for questions and inquiries regarding ethics.

The ethical code of conduct is comprised of ten values which express the behavior that is expected of the Investment House's managers and employees, in their activity with the various stakeholders. The purpose of the ethical code of conduct is also to formalize the desired and appropriate conduct in the Provident and Pension Company.

13. The complete ethical code of conduct is available on the website of the Provident and Pension Company



-  Compliance with the law
-  Professionalism and excellence
-  Privacy protection and prohibition against the use of the personal information of the company's customers
-  Due diligence and prevention of conflicts of interest
-  Prohibition of personal gain
-  Maintaining integrity, honesty and dignity

-  Fair competition
-  Truth as a value
-  Organizational responsibility
-  Social responsibility
-  Environmental responsibility

Management and Implementation of the Ethical Code of Conduct

In 2020 a captivating session was held for the adoption of the Provident and Pension Company's ethical code of conduct. Beyond participating in the training session, 97% of the company employees signed the ethical code of conduct.

Prevention of Fraud and Corruption

We consider corruption and bribery as destructive activities which distort competitive conditions, and reject them outright. This issue is addressed in the ethical code of conduct, and it is our responsibility to verify that our employees, customers and business partners act in accordance with the principles which prohibit bribery and corruption. The managers and employees of the Provident and Pension Company may not accept any benefits, and monitoring and control processes are in place to prevent any cases of bribery, corruption, information leaks, or money laundering. In case of any suspected irregular activity, employees have a hotline and email address which allow anonymously contacting the compliance officer or CEO of the Provident and Pension Company. In 2020, no trials were conducted and/or no claims were received regarding bribery and corruption in the Provident and Pension Company.

GRI Index

Name of standard	Indicator	Description	Pages / response	SASB ¹⁴	
GRI 101: Foundation 2016					
GRI 102: General disclosure 2016	102-1	Name of organization	1 ,18		
	102-2	The organization's activity, brands, products and services	8-10		
	102-3	Location of the organization's headquarters	10		
	102-4	Location of operations	10		
	102-5	Ownership and legal form	7		
	102-6	Markets served	10		
	102-7	Scale of the organization	7, 11, 42	FN-AC-000.A	
	102-8	Information on employees and other workers	42-43		
	102-9	Supply chain	50-51		
	102-10	Significant changes to the organization and its supply chain	10		
	102-11	Precautionary principle or approach	28		
	102-12	External initiatives	16-18		
	102-13	Membership of organizations	9		
	Strategy				
	102-14	Statement from senior decision-maker	4-5		
102-15	Key impacts, risks and opportunities	23-24 ,52-54			

Name of standard	Indicator	Description	Pages / response	SASB	
GRI 101: Foundation 2016					
Ethics and integrity					
GRI 102: General disclosure 2016	102-16	Values, principles, standards, and norms of behavior	61-63		
	102-17	Mechanisms for advice and concerns about ethics	63	FN-AC-510a.2	
	Governance				
	102-18	Governance structure	56-59	FN-AC-410a.3	
	102-19	Delegating authority	12-13		
	102-20	Executive-level responsibility for economic, environmental and social topics	18		
	102-21	Consulting stakeholders on economic, environmental, and social topics	14-15, 18-20		
	102-22	Composition of the highest governance body and its committees	56		
	102-23	Chair of the highest governance body	57		
	102-24	Nominating and selecting the highest governance body	56-57		
	102-25	Conflicts of interest	57		
	102-26	Role of the highest governance body in setting purpose, values, and strategy	58-59		

14. The indicators FN-AC-410a.3, FN-AC-550a.1, FN-AC-550a.2, FN-AC-550a.4, FN-AC-000.B are defined N/A as of the date of this report.



Name of standard	Indicator	Description	Pages / response	SASB	
GRI 101: Foundation 2016					
GRI 102: General disclosure 2016	Governance				
	102-27	Collective knowledge of highest governance body	58		
	102-28	Evaluating the highest governance body's performance	58-59		
	102-29	Identifying and managing economic, environmental, and social impacts	58-59		
	102-30	Effectiveness of risk management processes	28		
	102-31	Review of economic, environmental, and social topics	4-5 ,58-59		
	102-32	Highest governance body's role in sustainability reporting	58-59		
	102-33	Communicating critical concerns	58-59		
	102-34	Nature and total number of critical concerns	58-59		
	102-35	Remuneration policies	59-60		
	102-36	Process for determining remuneration	59-60		
	102-37	Stakeholders' involvement in remuneration	59-60		
	102-38	Annual total compensation ratio	41		
	102-39	Percentage increase in annual total compensation ratio	41		
	Stakeholder Engagement				
	102-40	List of stakeholder groups	14-15		
102- 41	Collective bargaining agreements	42			

Name of standard	Indicator	Description	Pages / response	SASB	
GRI 101: Foundation 2016					
GRI 102: General disclosure 2016	Stakeholder Engagement				
	102-42	Identifying and selecting stakeholders	14-15		
	102-43	Approach to stakeholder engagement	14-16, 18-19		
	102-44	Key topics and concerns raised	14-15		
	Reporting Practice				
	102-45	Entities included in the consolidated financial statements	7-8, 18		
	102-46	Defining report content and topic Boundaries	19		
	102-47	List of the material topics	20		
	102-48	Restatements of information	Irrelevant - first report		
	102-49	Changes in reporting	Irrelevant - first report		
	102-50	Reporting period	18		
	102-51	Date of most recent report	18		
	102-52	Reporting cycle	annual		
	102-53	Contact point for questions regarding the report	18		
	102-54	Claims of reporting in accordance with the GRI Standards	Comprehensive- The report is written at the comprehensive reporting level		
	102-55	GRI Content Index	64-72		
102-56	External assurance	73-74			



Name of standard	Indicator	Description	Pages / response	SASB
GRI 201: Economic Performance 2016	GRI 103: Management Approach 2016			
	103-1	Explanation of material issues and their boundaries	4-5	
	103-2	The management approach and its components	4-5, 28	
	103-3	Evaluation of the management approach	4-5, 11, 28, 35	
	GRI 201: Economic Performance 2016			
	201-1	Direct economic value created by the organization and distributed	11	
	201-2	Economic effects and other risks and opportunities due to climate change	28	
	201-3	The company's obligation with respect to employee retirement / compensation plans and pensions	41	
	201-4	Support / grants / government assistance which the company received during the reporting period	18	
	GRI 205: Anti-corruption 2016	GRI 103: Management Approach 2016		
103-1		Explanation of material issues and their boundaries	63	
103-2		The management approach and its components	63	
103-3		Evaluation of the management approach	35 ,63	
GRI 205: Anti-corruption 2016				
205-1		Units of the organization in which evaluations were conducted to identify risks pertaining to corruption, and any significant risks identified in the evaluations	לא מופיע	
205-2		Communication and training on the prevention of corruption	35	
205-3	Instance of corruption during the reporting period, and actions taken	63	FN-AC-510a.1	

Name of standard	Indicator	Description	Pages / response	SASB	
GRI 401: Employment 2016	GRI 103: Management Approach 2016				
	103-1	Explanation of material issues and their boundaries	34		
	103-2	The management approach and its components	34-35		
	103-3	Promotion of the management approach	37-40		
	GRI 401: Employment 2016				
	401-1	New employee hires and employee turnover rate	42		
	401-2	Benefits given to full time employees which are not given to part time or temporary employees	51		
	401-3	Maternity leave	39, 42		
	GRI 404: Training and Education 2016	GRI 103: Management Approach 2016			
		103-1	Explanation of material issues and their boundaries	35-37	
103-2		The management approach and its components	35-37		
103-3		Evaluation of the management approach	35-37		
GRI 404: Training and Education 2016					
404-1		Average annual employee training hours	42		
404-2		Employee skill improvement programs and programs to provide assistance during periods of transition	37-38		
404-3	Rate of employees who receive regular feedback regarding their performance and career development	39			



Name of standard	Indicator	Description	Pages / response	SASB
GRI 405: Diversity and Equal Opportunity 2016	GRI 103: Management Approach 2016			
	103-1	Explanation of material issues and their boundaries	34	
	103-2	The management approach and its components	34-35	
	103-3	Evaluation of the management approach	39, 42-43	
	GRI 405: Diversity and Equal Opportunity 2016			
	405-1	Composition of the board of directors and composition of employees (gender, age, (minorities, education	39, 43, 56	FN-AC-330a.1
	405-2	Processes to ensure gender equality and to prevent gender discrimination only (including salaries of men vs. women) - ratio between the salaries of men and women in each occupation category	39	
GRI 406: Non- discrimination 2016	GRI 103: Management Approach 2016			
	103-1	Explanation of material issues and their boundaries	34	
	103-2	The management approach and its components	34-35, 40	
	103-3	Evaluation of the management approach	40	
	GRI 406: Non-discrimination 2016			
	406-1	Instances of discrimination, and actions taken	40	

Name of standard	Indicator	תיאור	Pages / response	SASB
GRI 413: Local Communities 2016	GRI 103: Management Approach 2016			
	103-1	Explanation of material issues and their boundaries	5, 44	
	103-2	The management approach and its components	44	
	103-3	Evaluation of the management approach	12, 44-49	
	GRI 413: Local Communities 2016			
	413-1	Actions constituting involvement in the local community, estimates regarding the impact on the local community and development of plans	44-49	
	413-2	Actions with significant potential negative impact on the local community	Irrelevant	
GRI 417: Marketing and Labeling 2016	GRI 103: Management Approach 2016			
	103-1	Explanation of material issues and their boundaries	21, 33	
	103-2	The management approach and its components	30-31, 33	
	103-3	Evaluation of the management approach	30-31, 36, 61	
	GRI 417: Marketing and Labeling 2016			
	417-1	The company is committed to publishing fair and full information regarding all of the company's products and services	32-33	FN-AC-270a.3
	417-2	Number of instances involving non-compliance with regulations and voluntary codes regarding the "marking" of services/products, according to the categories for the results of such cases	61	FN-AC-270a.2
	417-3	Instances of non-compliance with regulations and voluntary codes regarding marketing communication	61	



Name of standard	Indicator	Description	Pages / response	SASB
GRI 418: Customer Privacy 2016	GRI 103: Management Approach 2016			
	103-1	Explanation of material issues and their boundaries	29	
	103-2	Explanation of material issues and their boundaries	29	
	103-3	Evaluation of the management approach	29, 35	
	GRI 418: Customer Privacy 2016			
418-1	Verified complaints pertaining to breaches of customer privacy or loss of customer data	29	FN-AC-270a.1	
ניהול סיכונים ESG בהשקעות	GRI 103: Management Approach 2016			
	103-1	Explanation of material issues and their boundaries	4-5	FN-AC-410a.2
	103-2	Explanation of material issues and their boundaries	4-5, 23, 52	FN-AC-410a.1
	103-3	Evaluation of the management approach	23-24, 28	
חדשנות וטכנולוגיה	GRI 103: Management Approach 2016			
	103-1	Explanation of material issues and their boundaries	4-5, 12-13	
	103-2	Explanation of material issues and their boundaries	12-13	
	103-3	Evaluation of the management approach	12-13, 29	

Quality Assurance Declaration:

Altshuler Shaham, Corporate Responsibility Report for 2020

Introduction

Shibolet ESG is a consulting practice operating under Shibolet Consulting Services Ltd., a subsidiary of Shibolet & Co. Law Firm. In October 2021, Altshuler Shaham contacted the company with a request to conduct a process of quality assurance on the corporate responsibility report for 2020. It is hereby declared that the company receives payment for this service, to cover the time invested in the process. It is further noted that neither the company nor Dr. Liad Ortar (who performed the work), the company's manager, have consulting-business ties with Altshuler Shaham, and that the quality assurance process was conducted independently. The quality assurance process included an evaluation of the draft report, comments, and formulation of the foregoing quality assurance declaration.

Work Method

The process of quality assurance with respect to corporate responsibility reports is intended, first and foremost, to improve the quality of the resulting report, through the provision of professional feedback. The process includes evaluating whether the report fulfills three main principles:

1. Inclusiveness

Complete reference to subjects in the reporting process itself, as reported, and inclusion of a wide variety of stakeholders in the report.

2. Materiality

Reference to material subjects pertaining to the company's activity.

3. Responsiveness

Reporting of issues raised by stakeholders.



Findings

This report of Altshuler Shaham is the first of its kind to be published by the company, and one of the first to be published by institutional entities in Israel. This report is proof of the growing trend of adopting ESG principles in Israel's financial industry. The report includes the use of the current GRI reporting guidelines (SRS), and also includes reference to the UN's sustainable development goals (SDGs).

I hereby declare that Altshuler Shaham has fulfilled the scope of the disclosure and reporting as required for this level, and has demonstrated its fulfillment of the three principles listed above. My congratulations to those engaged in this work. Any publication of a first report is a highly significant organizational step, which can only be improved upon in the future.

Comments regarding the report:

Sustainability goals

Congratulations for including reference to UN SDGs in the report! In the future, the reference to SDGs is expected to be more focused, and to address more specifically the targets and performance indicators.

Sustainability goals

There is no doubt that the main issue for any financial institution is the way in which it manages the effects, and the managerial, social and environmental risks of its investment activities. I look forward to seeing how these elements will be presented in future reports, once the appropriate policy has been formulated and implemented in the system.

Sustainability goals

The carbon footprint is the standard means for corporations to understand their effects on climate change. This scope is missing from the report, and in the future, once it is included, it is already recommended to take the desired step forward, which is calculating the third scope for all financial holdings. This scope includes the emission amounts in the corporation's supply chains, which for institutional entities means the value of their holdings and investments, in carbon terms. Of course, reference to divestments is also required in this regard.

My congratulations again to those engaged in this work,

Dr. Liad Ortar
Manager of Shibolet ESG