

Investments

Active Engagement

Impact Investing

Responsible Investments

Applying ESG Risks to Investments

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Message from the Group

The company in Israel has faced a challenging year in 2023. It began with internal disputes surrounding legal reform and continued with a war that broke out in October 7 following the brutal attack by the Hamas terrorist organization on Israeli citizens. The entire Phoenix group mourns the fallen and murdered in the war and supports their families. We hope for the swift return of all the hostages, send prayers for peace and success to the soldiers of the Israel Defense Forces and security forces, and wish a full recovery to the wounded.

ntroduction

Three years ago, we embarked on a journey of developing a sustainability strategy, believing that sustainability is the true way to proper business management. We did this with the understanding that it is a long and evolving process that requires constant improvement and change. Therefore, we invested systematically in building an organizational infrastructure for ESG management, in the implementation of language, understanding, and thinking of sustainability at the core of our business activities, alongside the development of tools and capabilities for risk management and identifying opportunities.

This year, the group's strategy for social outreach has proven its effectiveness in contributing to the national resilience. With the outbreak of the war, we engaged in activities for the benefit of Israeli society, with dozens of volunteer initiatives that successfully provided solutions and support to many. We initiated and led immediate support to the Barzilai Medical Center in Ashkelon in the early days of the war. We provided ongoing support and tools to the group's clients, the agents we work with, and our business partners. We established a comprehensive assistance system, assisted our employees who were called up for reserve

duty and their families. We provided support and tools to the group's managers and employees to help them cope with possible personal and family challenges.

We continued to promote a culture of diversity and inclusion consistently. Led by the company's board of directors, this year saw the establishment of the SheLeads forum. The forum's goal is to assist in the expansion of senior female managers in the group and strengthen the female network within the organization. In parallel, we approved a diversity policy for the board of directors this year.

The group attaches great importance to climate challenges and their impacts. We monitor the risks and opportunities and work to manage them in our business activities. The risk management committee held discussions this year on climate risks, and the risk management department produced a climate risk report including a map of physical risks and transition risks, an assessment of exposure to risks, and their management. We reduced our environmental impact through operational efficiency within the organization. This year, we were even the first ones in the industry to measure Scope 3 GHG financed emissions of our investments portfolio and the OPM portfolios, in accordance with the international PCAF methodology.

The Phoenix group maintains active communication with Israeli and international rating agencies to improve and focus the strategic plan. This year, we conducted in-depth dialogue with the international rating agency S&P and local ratings. For the first time, we conducted an external review of this sustainability report, which reflects the transparency value of the group. In addition,



we are pioneers in the Israeli finance industry by incorporating an ESG index into the remuneration policy of the company officers. The growth trend in these indices and the level of transparency reflect the achievements and deep commitment of the group to its stakeholders.

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Looking ahead, the group is committed to continuing and developing its sustainability strategy alongside its business strategy. We believe in the power of innovation and continue to promote digitization and accessibility while enhancing information security and privacy protection, and we will continue to invest significant efforts in maintaining responsible business culture. The Phoenix group is committed to providing and promoting sustainable, equitable, and socially responsible products and services while managing responsible investments and maintaining strong corporate governance.

We are together on a journey to create positive change in sustainable business, and we thank all our stakeholders for their ongoing support and trust in the Phoenix group.



Sustainability | 2023 Highlights



Environment

Addressing risks & opportunities

10%

reduction in direct carbon footprint 2019-23 (est.)

69%

hybrid & electric cars

12 Tons

Index

paper avoided by digitalization (est.) 32

carbon intensity of assets (tons of CO2 equivalent per NISm invested); first in industry to measure Scope 3



Social

Enhanced commitment & stakeholder dialogue

0.5%

rate of donations from income, plus organizing support from international partners for Barzilai hospital; 4,600 volunteering hours

55%

of managers are women, 31% women at *senior management #1 in Service

among leading insurers in 3 out of 12 categories* Promoting Art

Created access to Phoenix's leading Israeli art collection, with 50K visitors at subsidized exhibition;



Governance

Protection & creation of long-term value

Compensation

first financials group to integrate ESG targets in 2024-26 compensation policy 52

active proxy voting on ESG issues

10 Billion NIS

Impact investments with positive environmental or social value

Leading ESG Scores

with active reporting and transparency

S&P Global Ratings





*Senior are VP and up **Capital Markets, Insurance and Savings Authority service index, among the five major insurance companies in Israel.







Who We Are

Introduction

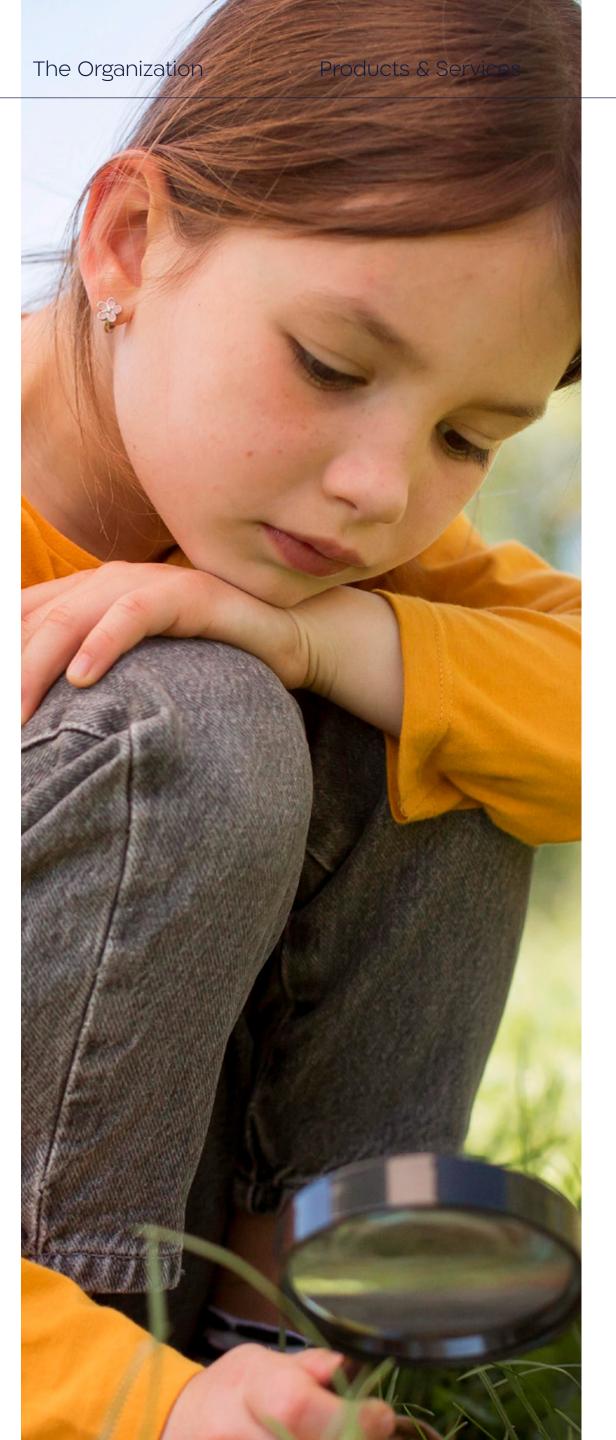
The Phoenix Holdings (hereinafter - "The Phoenix" or "The Phoenix Holdings" or the "Group") is a financial services group with diverse activities in the insurance, asset management and credit sectors. The Group is deeply committed to providing differentiated solutions, high-quality service, and continuous innovation to private and business clients as well as to various distribution channels.

The Phoenix Holdings Ltd. was incorporated in 1949 as a privatelyheld company and was listed for trading on the Tel Aviv Stock Exchange in 1978. The Company's headquarters are located in Givatayim, Israel and the main activities are conducted in Israel, with investments in Israel and internationally.

The Phoenix aspires to be the leader in the provision of financial services in Israel, in terms of distribution capabilities, excellence and innovation. Our insurance activities encompass numerous spheres and include property and casualty insurance, life insurance and savings, and health insurance, and are distributed both directly and also via insurance agents.

The Phoenix's asset management and credit solutions serve both private and institutional clients. They include pension and provident funds, mutual funds and ETFs, alternative investment solutions, discretionary portfolios, brokerage services, employee stock option administration, retirement consulting, distribution and business credit.

The Phoenix has a total of NIS 433 billion in assets under management (as of December 31, 2023) and has extensive experience in investing in stocks and alternative investments, debt, real estate, infrastructure, and more. The Group's broad base and position allow investment teams to identify and create opportunities for value creation for the stakeholders.



The Group's activities include:

Insurance activities:

P&C Insurance

A wide range of property and casualty insurance products, including motor, home, and business coverage are distributed directly through Phoenix Smart as well as through the insurance agencies.

Health Insurance

Travel insurance, private health insurance, as well as health and dental insurance for the business sector.

Life Insurance

Executive insurance, life and disability insurance as well as investment policies.

Asset management and credit:

Retirement (Pension & Provident)

Diverse savings options, including pension funds, provident and advanced education funds, as well as investment solutions.

Asset management and Wealth

In addition to various savings products and services we offer mutual funds and ETFs, portfolio management, alternative investment funds, private and institutional brokerage services, and administration of employee stock option plans. Our brands include The Phoenix Investment House, KSM, ESOP, The Phoenix Capital, and The Phoenix Value.

Distribution

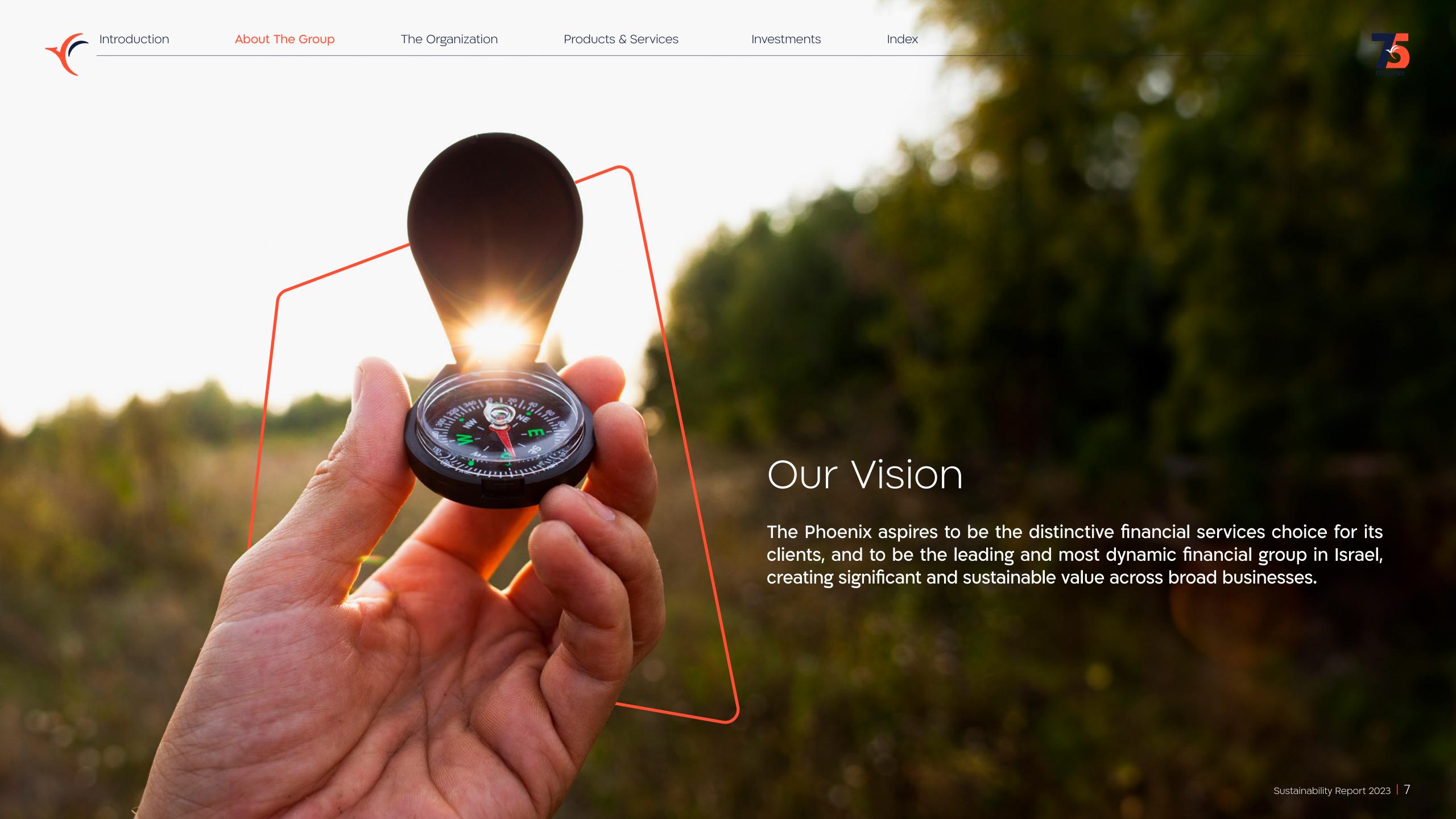
Ownership of leading financial services and insurance agencies specializing in the provision of pension solutions, benefits management, life and health insurance, and P&C insurance. Among our leading agencies are Agam Leaderim, Shekel Group, Oren Mizrach, and Quality. These agencies independently operate and distribute the products and services of a variety of insurance companies and investment managers in Israel.

Credit

SME finance solutions and assistance with construction projects offered through The Phoenix Gama, in addition to corporate and private credit activities within the Group.

Entities included in the report:

- → The Phoenix Holdings Ltd.
- → The Phoenix Insurance Company Ltd.
- → The Phoenix Pension and Provident Fund Ltd.
- → The Phoenix Investments and Finances Ltd.
- → The Phoenix Investment House Ltd. (formerly Excellence)
- → Agam Leaderim Holdings (2001) Ltd.
- → Shekel Insurance Agency (2008) Ltd.
- → Oren Mizrach Insurance Agency Ltd.



The Group's Core Values

We believe in leading via personal example and we are committed to engagin in business activity with transparency and in a responsible manner.



Transparency

We are committed to forging trust with our clients, employees and shareholders by sharing of information on our actions, decisions and financial performance.



Excellence

We are committed to providing unique products and services to our clients, while focusing on constant improvement, innovation and being a leader in the field.



We strive to adapt rapidly to our clients' rapidly changing needs and the market conditions, and to turn The Phoenix into a group with considerable resilience and a rapid response capability in a dynamic environment.



Collaborations

We nurture synergy, we integrate diverse skill sets and ideas to attain common objectives and create mutual success.





The Organization

Products & Services

Investments





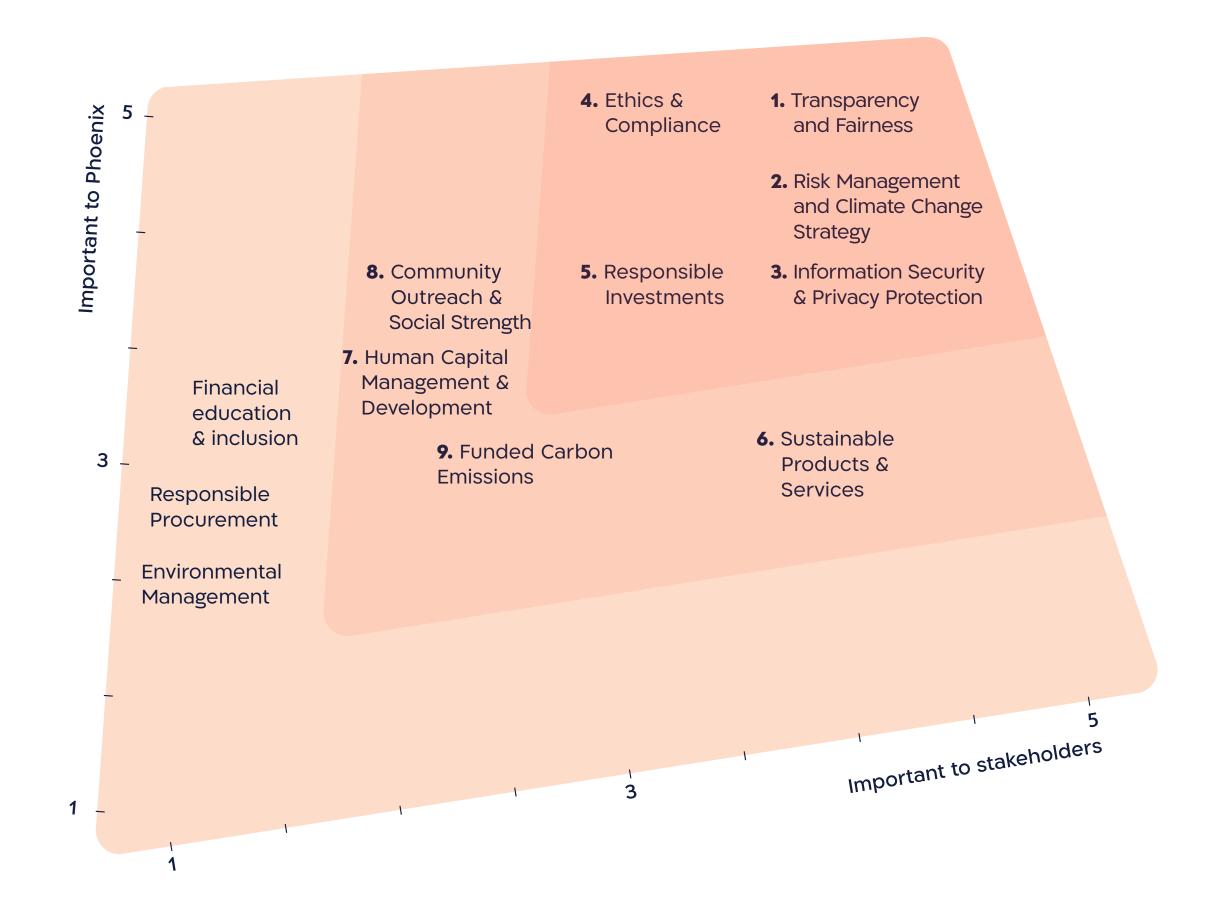
The Group's Material Topics

Towards the publication of our Sustainability report - the first one published in 2021 - we conducted a **materiality analysis** to thoroughly understand the topics that are material to us as a Company and to our stakeholders. Prior to writing this report, around the third quarter of 2023, we revalidated the materiality assessment, which was approved by the Company's Board of Directors and management, among others, while relating to the updated requirements of ESG rating agencies such as S&P, and the topics were ratified anew, with the detailed reference to them throughout the report having been updated.

With a view to improving and updating the materiality assessment and conducting it in accordance with the accepted international standards, we analyzed the material topics while relating to the principle of "double materiality". Accordingly, we examined the degree of impact of the material topics on the Company's various activities, and we also examined the degree of impact of the material topics on the people and the environment that are affected by our activities.

Members of the Company Board of Directors and its ESG forum took part in the working process regarding the materiality assessment. Subsequent to carrying out the work inside the organization, consultations were held with a variety of stakeholder groups outside the organization such as leading local and foreign investors, rating agencies (foreign and local), in order to understand the importance of each topic for them. In addition, we also related to the GRI and SASB reporting standards, and we conducted a benchmark comparison with Israeli and international companies in order to examine the relevant topics in the sector.

The materiality matrix that we formed at the end of the analysis process displays the list of material topics and rates them in a manner that represents the degree of their importance both to us and to our stakeholders. The matrix assists us in planning ahead, setting targets, formulating strategies and work plans, with special focus on environmental, social, and corporate governance issues.



The Phoenix Group's material topics

1. Transparency and Fairness

We believe in the importance of transparency and open communication across all our business units and activities. Transparency with our clients and all stakeholders is critical to us. As part of the Company's commitment to transparency and credibility in reporting its ESG performance data, we conducted an external audit of the Sustainability Report in order to reflect to the investors the degree of credibility of our reporting. Treating our clients fairly is of paramount importance to us, we invest considerable efforts in listening to their needs and their expectations in order to preserve our reputation. We are committed to presenting our products, services, and business activities in a clear, comprehensive manner and are subject to a range of regulations related to the information we share.

2. Risk Management and Climate Change Strategy

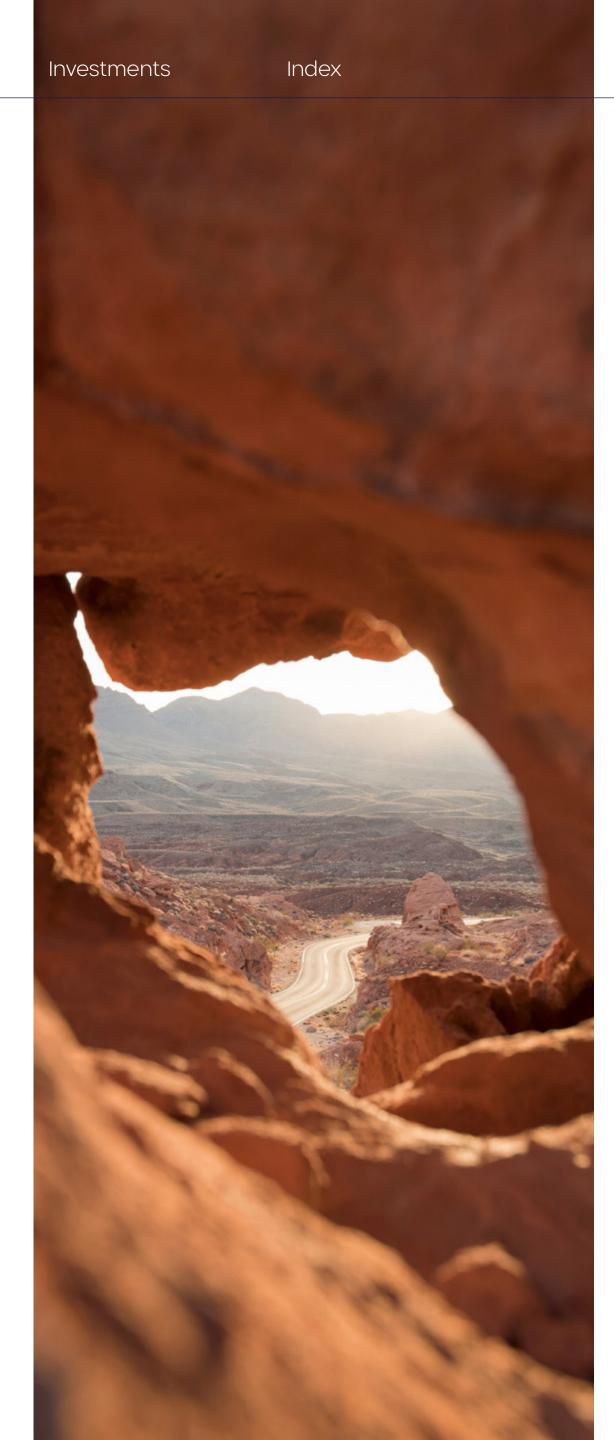
We recognize the climate crisis as the most complex risk factor faced by our society today. Its impact is inter-generational, global, and impacted by multiple interrelated factors. We take steps and make efforts to manage climate risk and enhance our organizational resilience, while raising awareness of the risks and increasing our clients' resilience thereto. Furthermore, we aspire to mitigate our impact on the environment both via the operational activity within the organization and the effect arising from our activity as a financial company investing in numerous companies in Israel and abroad and insuring significant activities in the Israeli market.

3. Information Security & Privacy Protection

We identify and adopt ways to contribute to and support innovation and digitization trends with a new generation of products and services that improve our service level, efficiency and accessibility. Innovation and digitization have provided us as an organization and our stakeholders with significant benefits, but at the same time it also entails diverse risks, such as: privacy protection and information security. As a finance and insurance company, we are in possession of substantial and sensitive personal data, and so we place a significant emphasis on the security of our clients' information and the protection of their privacy, and we invest considerable resources to that end. Thus, for example, this year we held a unique cyber exercise for the Company management that was conducted over a long, drawn-out time period.

4. Ethics & Compliance

Our Code of Ethics is a primary tool for promoting ethical conduct. We consider it of utmost importance to treat all our stakeholders with due respect and to do so in accordance with the provisions of the law, including clients, employees, and suppliers. In the reporting year, we updated the Group's Code of Ethics, which was approved by the Group's Sustainability Committee, we integrated the Code into agreements with suppliers and developed an updated training module that addresses ethical dilemmas embodied in the Company's areas of activity, which was delivered to all employees.



5. Responsible Investments

We recognize the importance of responsible investments and their associated economic, social, and environmental impact. Accordingly, this year we continued to identify environmentally responsible projects aligned with our responsible investment policy. Furthermore, we work to integrate ESG considerations, including climate changes, in the investment processes, among other things by examining the degree of influence of our assets on climate risks and the developing ESG.

6. Sustainable Products and Services

The insurance and finance sector is in a unique position to generate positive social and environmental external impact. Insurance companies can incentivize a healthy lifestyle and safe behavior as well as developing sustainability-related projects and technology, such as those focusing on renewable energy, energy efficiency and carbon capture. Furthermore, policy clauses both in the insurance and investments subsegments might encourage clients to integrate environmental, social and governance (ESG) factors to reduce the overall risk of the underwriting and investment portfolios, which in turn might reduce the insurance payments, mitigate the risk and even generate returns in the long term. Therefore, we offer to our clients a diverse variety of sustainable products such as: insurance of solar panels that help to reduce emissions the integration of ESG considerations in the underwriting processes alongside state-of-the-art digital services that aid in making information and services available alongside reducing waste.



The Phoenix Group's material topics

7. Human Capital Management and Development

Our employees represent one of the Company's most important assets and they are vital to the success of its activity. This year, we conducted an employee engagement survey and its results indicate that many of our employees feel a sense of profound engagement with The Phoenix. We encourage our employees to develop the suitable skills in order to enrich their knowledge and to improve their ability to respond to the client's needs, and assist them in this, among other things, by investing in training and instruction. We strive to foster a culture promoting equal opportunity and to ensure that employees feel valued in their roles and are provided with career development opportunities. We launched the SheLeads forum of women in the organization to provide relevant tools and accompany personal development.

8. Community Outreach and Social Strength

The Phoenix attributes considerable importance to the values of contributing to the community and commitment to it and works to bolster national resilience both on a routine basis and during wartime, via the strategy of the Group's involvement in the community. In order to realize this vision, we encourage the employees to take part in meaningful volunteer activity in the community while using our business relations as a force multiplier. Our efforts have been acknowledged by being awarded the title of the company with the highest level of community outreach in the insurance industry in 2023 at the Adif Insurance Convention.

9. Funded Carbon Emissions

As a finance and investments company, we have identified growing climate-related regulatory requirements, and we understand that in order to contend with the transitional risks and identifying opportunities, we must make use of additional knowhow and tools. These risks and opportunities could take the form of credit risk, market risk, reputational risk as well as other financial and operational risks. Therefore, this year, for the first time, The Phoenix conducted measurements using the PCAF (Partnership for Carbon Accounting Financials) methodology, which serves as an additional indicator of The Phoenix's exposure to climate-related risks and opportunities and how it might be required to adapt its financial activity over time.





The Sustainability Strategy

The Phoenix Holdings has a wide range of activities in the following domains: insurance, financial asset management, distribution, and credit. The Group operates in a dynamic business environment that is impacted by the challenges such as of globalization, technological progress, climate changes, and social and cultural changes and is subject to evolving regulation in Israel and around the world. Over the years, the Company has been acting to promote various sustainability issues and further details of how it does so can be read in its annual Sustainability Reports. During one of the Group's work plan meetings, the Board of Directors resolved to promote and expand the management of its sustainability and ESG activity at all levels of the organization and areas of business activity. Therefore, we have set in motion a professional and in-depth process to develop a sustainability strategy as part of the Company's strategy and which is connected to its business core. The sustainability strategy will form the basis for building a multi-annual work plan that will establish our activities in the field of sustainability such that this is integrated throughout all levels of our activity, from a long-term, systemic, systematic, responsible, transparent, and measurable point of view, as a fundamental component of our organizational culture.

The Phoenix is committed to integrating responsible and ethical practices in its business strategy. The Phoenix believes that the Group's commitment to the principles of sustainability and ESG bolsters the Group's robustness and resilience, aiding it in contending with the challenges it faces in the years ahead both in Israel and globally. The Group operates in view of the values of sustainability and integrates them as significant fundamental principles in its activity.

In 2023, The Phoenix expanded and developed strategic sustainability issues, including the process of climate risk mapping and management as well as measurement of the emissions in the Company's assets portfolio (which are attributed to the Company's Scope 3 carbon footprint) via the PCAF standard. These actions constitute substantial groundwork towards the development of the sustainability strategy and will be integrated in it, and further details regarding them are available later on in the report.

In 2024, the Company began a comprehensive, in-depth process to build a dedicated sustainability strategy, based on the business strategy and designed to support it. The strategic process begins with understanding the Company and the senior management's vision for the years ahead that is integrated in its values. The sustainability strategy will be linked to measurable metrics (KPIs) for which challenging but attainable targets will be set for the years ahead. The Company will be able to measure its progress each year and then to carry out controls and adjustments in order to ensure its progress in attaining the goals and implementing the strategy.

During the first phase of the strategy development process, the strategic sustainability points of focus within The Phoenix group will be defined. To this end, in-depth talks are held with the Group's managers and its senior business partners with a view to examining the Company's overall activity and the manner in which sustainability is integrated as a growth engine and an additional source of leverage for generating opportunities. Insights arising from the talks are then examined, challenged and updated in comparison with how sustainability is managed in leading companies in the insurance sector in Israel and abroad, and asset management and the additional stakeholders. At the end of this phase, the strategic sustainability points of focus of The Phoenix group that tie in with the Company vision, its values and

that reflect its business strategy will be clarified. The process is carried out in constant collaboration with the relevant figures and functions in the Group, with the aim of reaffirming their commitment to leading the issue of sustainability and fulfilling the objectives that have been determined. In light of the fact that this involves an in-depth and drawn-out process, the products of the strategy will be presented in the 2024 Sustainability Report, and progress on attaining those objectives will be presented in the following reports.

The strategy development process began concomitantly with the conclusion of the work carried out on the issue of the climate risks as well as measurement of the emissions in The Phoenix's managed portfolio according to the PCAF standard. The products of this work are integrated in the sustainability strategy development process and constitute the basis for its progress.

The sustainability strategy develops the three component spheres of ESG – environment, social and corporate governance – and examines the current and forecast influence of The Phoenix on these topics, as well as how these issues affect and are forecast to affect it, in light of the principle of double materiality, which has recently been gaining growing importance. Implementation of the strategy will be translated into the three activity tiers in the Group as they were defined in its business strategy - the Group's internal activity; the products and services that we offer to our clients; and The Phoenix as an investment manager. The objectives of the Group's strategy will be adapted to each of the activity tiers in accordance with the degree of their relevance and working plans will be built for implementation accordingly.





Environment

We are committed to continuous examination of environmental aspects across all our activities. At the same time, we identify risks that result from the climate crisis and develop products and services that protect the environment and create environmental value. Furthermore, we identify and take environmental actions to minimize the direct adverse impact of the Group on the environment.

Social

we strive to support the building of national resilience during normal times and in times of emergency, and for that purpose we are expanding our social involvement. We also take care of our employees and promote a responsible corporate culture along with diversity and take into account considerations of diversity, development and welfare. We place emphasis on clients across all the Group's activities and accelerate digitization processes to enhance service for clients, agents, and business partners.

Corporate governance

We engage with stakeholders in a responsible, transparent manner, according to the highest standards of governance. We strive to implement these rigorous standards in the companies in which we invest with our voting policy and active stewardship. The group ESG efforts are led by managers from the different businesses as well as at the group level, with board-level oversight



Engaging with Stakeholders

As a leading financial services company, The Phoenix maintains constant and ongoing communication with a variety of stakeholders who are impacted by its operations and have an impact on it - investors, suppliers, clients, reinsurers, agencies, employees, regulators, and the community.

We are committed to regularly engaging with our stakeholders and facilitating open communication with them:

The Group's Shareholders

We maintain an ongoing dialogue with investors, presenting them with the strategy and performance in order to enable them to make informed investment decisions regarding their investments, to hear diverse opinions, and ensure that the strategy and operations are focused on value creation. The dialogue takes place through continuous open discussions, considering insider information constraints. We conduct quarterly and annual meetings and conference calls, publish past performance analysis and future goals, facilitate direct meetings, and operate an upto-date, dedicated investor relations website. For global investors, we publish presentations, reports, and immediate reports to the Stock Exchange in English and hold investor talks on a quarterly basis and as required. This year, we conducted an investors' survey which contributed to our understanding of the investors' needs and expectations alongside underscoring material topics in terms of ESG aspects.

Clients

We operate based on a "client-centric" strategy. This strategy guides all our actions and client journeys, from the sales processes, through to operations, with a strong emphasis on client service. This is achieved by reaching out to our clients and seeking

their feedback in order to improve our products, services, and processes, which allows us to offer friendly, flexible solutions and make continuous improvements. Communication with clients involves surveys, dialogues, and a wide range of support channels, including online platforms, chat, phone, app, and more. We deploy Net Promoter Score (NPS) to measure and track client experience, and we conduct research and development on a daily level to support product innovation. We provide our clients with an online personalized information area, as well as channels to file complaints. We aspire to achieve operational excellence in the client experience, ensuring maximum availability and providing a seamless experience across multiple channels - wherever clients are most comfortable, fine-tuning their journey and fostering dialogue. Thanks to the service approach that we have been leading in the industry, we won first place at the Adif Insurance Convention in the category of service innovation for 2023.

Agencies and Agents

We work closely with our agencies and agents to provide training and instruction in order to raise awareness to our products and services, and to better understand their needs. We continuously monitor developments in the insurance and financial sector, and make sure to regularly update our agencies and agents on these developments. We emphasize the importance of keeping



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our agencies and agents up-to-date and compliant with any regulatory requirements, enabling them to adhere to the law.

Employees

We believe employees that are engaged and committed to the cause generate long-term value for business. We continuously seek and respond to employees' views, ideas, and concerns. We regularly engage with employees through ongoing dialogues and networks, an employee engagement survey (ENPS), and events, including round tables and online and in-person meetings. The Group's CEO holds periodic round tables with employees from across the entire organization. In addition, the employees and group have a collective agreement in place, and we conduct ongoing dialog with representatives of the employee committee.

With Regulators

We engage with state authorities and regulators. Phoenix operates in accordance with the directives of relevant regulatory bodies,

including the Capital Market, Insurance and Savings Authority and the Israel Securities Authority. At the same time, we share the global knowledge we have accumulated over the years with the aim of promoting the market's development.

With Suppliers

We aspire to ensure that sustainability is an integral part of our sourcing, procurement, and supplier management. We do so through a sustainable procurement policy that is based on principles and values such as business integrity, environmental and social responsibility, transparency, partnership, and more. This policy applies to the products and services we procure, the agreements and collaborations we enter into, and the partners we work with.

With Reinsurers

We maintain a continuous, regular dialogue with our reinsurers in order to communicate and understand both parties' expectations. The Phoenix Insurance works with approx. 90 reinsurers from around the world on an ongoing basis; our dialogue ensures stability and security for our clients even in extreme situations. We host local reinsurers in joint forums where global and local trends are discussed as part of the Group's risk management.

With the Community

We promote an active relationship with the community, with the belief that community outreach is vital for every organization, especially those that have a significant impact on society and the economy in Israel. The objective of our dialogue is to ensure positive impact and long-term success. Our collaborations with social organizations and community groups is aligned with the Company's values and are selected according to the Group's community outreach policy.



Sustainable Development Goals (SDGs)



No Poverty

Poverty is more than simply inadequate income or resources. People living in poverty lack basic services, such as healthcare, security and education; they experience hunger, face social exclusion and have limited participation in decision-making processes in Israel.

- → Through its long-term savings products such as pensions and life insurance - The Phoenix enables its clients to alleviate poverty for senior citizens; additionally, through its disability insurance products, it assists its clients in maintaining their quality of life under strenuous circumstances.
- → The Phoenix Investment House promotes financial literacy for the public and investors through an open platform offering information and financial tools. This is based on the understanding that boosting knowledge and financial education helps alleviate poverty and promote economic stability.
- → The Phoenix invested about NIS 20 million in Ogen, a nonprofit social finance organization that offers zero-interest or socially responsible loans to families and businesses.

→ The Group donates to various underserved populations in Israel as part of its community outreach policy, thereby increasing their chances of future economic success. For example, Nitzanim, an NGO that sets out to encourage and bolster youth from Israel's social and geographical periphery, providing them with the requisite tools to succeed in both today's and tomorrow's technological world.



Good Health and Well-Being

The goal is to ensure healthy lives and promote wellbeing for all, at every age.

- → The Phoenix's private health insurance is a complementary product to Israel's public health services. It provides access to important services that are not covered by the basic health coverage.
- → Riskwell is an insurance product that encourages and rewards clients who take good care of their health.
- → Life-saving medications that are purchased by The Phoenix for clients and not utilized for various reasons are donated to the Friends for Health organization.
- → The Phoenix supports the social initiative "Stop Cancer" that supports youth coping with cancer.

In September 2015, the United Nations General Assembly adopted the 2030 Agenda for Sustainable Development. Among the 17 Sustainable Development Goals (SDGs) defined, the following are the SDGs relevant to The Phoenix's activities, along with examples from the robust activity detailed in the report:



Quality Education

Education is the key to success due to its ability to open a world of opportunities allowing everyone to contribute to an advanced society and fulfill their potential.

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- → As part of its donations policy, The Phoenix focuses on the next generation and technology by supporting several NGOs that promote these goals. For example, The Phoenix donates to and supports the Follow Me!-Tech initiative with a dedicated program for outstanding individuals and supports the Nitzanim program. These programs are designed to provide tools, values, and knowledge, especially in the technological field, to youth from Israel's social and geographical periphery for the purpose of integrating them into tech positions in the IDF and future employment.
- → The RuppInvest Fund established through an innovative collaboration between The Phoenix Investment House and Ruppin Academic Center's MBA program - allows students to gain hands-on experience in the investment world. The fund is managed as a non-profit venture, with a responsible investment approach and the profits are used for social objectives.



Gender Equality

The objective is to strive for gender equality and empower women and girls in all aspects of life..

- → Women constitute approx. 70% of The Phoenix's employees and 45% of its managers (from middle management to senior management). The proportion of women in senior management is approx. 31%. In the boards of directors of The Phoenix Holdings and The Phoenix Insurance, 6 out of 14 members are women...
- → The Phoenix aims to create and maintain a work environment where every employee - whether male or female - feels safe and can fulfill their professional potential.





Affordable and Clean Energy

Promoting access to renewable and sustainable energy while changing the way we generate and consume energy.

- → The Phoenix is proud to lead the e-vehicles revolution in Israel, with innovative insurance products for vehicle coverage and charging stations in collaboration with Tesla.
- → We are advancing the transition to a low-carbon economy through tailored insurance packages for renewable energy projects, end to end.
- → The Phoenix invests 10 billions of shekels in companies and projects related to renewable energy, including energy generation from waste and construction of photovoltaic installations in Israel and around the world.
- → The Phoenix's new campus, located in the HaElef compound in Rishon LeZion, is a green campus expected to receive Leed Silver certification. The Phoenix is expected to move to its new headquarters in 2025.
- → Currently, 69% of the Group's fleet consists of hybrid and e-vehicles.



(Decent Work and Economic Growth

Protecting labor rights and preventing modern slavery, in parallel to job creation, alongside support for financial services, will enable fair employment and economic growth for both individuals and the economy.

- → The Phoenix adopts international fundamental rights and human rights and implements these principles in its activity.
- → The Phoenix employs over 4,700 workers and makes a significant contribution to the Israel's GDP. It has approx. NIS 433 billion in assets under management, including responsible management of pension funds. The Phoenix adheres to responsible marketing and transparency.
- → The Group prioritizes the health and well-being of its employees, paying a base salary that is 10% above the minimum wage in Israel, health insurance, dental care, subsidies for daycare and overnight camps for children, hybrid work arrangements to promote work-life balance, and a variety of benefits.
- → The Phoenix offers dedicated tracks of Halacha and Shariacompliant investments and savings options for religious Jewish or Muslim investors and savers.



Climate Change

The consequences of climate change present a growing challenge for humanity - such as droughts, floods, rising sea-level, heatwaves, extreme cold, the melting of glaciers, and more. It is increasingly understood that the responsibility to act and mitigate these damages rests on everyone - citizens, public institutions, and private organizations.

- → In 2023, The Phoenix began to implement climate risk management, and a "risk map" was prepared that describes and analyzes the climate risks facing the insurance activity, together with The Phoenix's asset and credit management.
- → In 2023, for the first time, The Phoenix conducted a comprehensive calculation of the carbon footprint of its managed asset portfolio for 2022, which constitutes a significant part of the Scope 3 emissions.
- → GHG emissions, with an emphasis on employee leisure flights in 2022, are offset through the Good Energy initiative. As part of this initiative, The Phoenix is involved in a wide range of projects, including tree planting and support for agricultural redevelopment and promoting green energy.



- → The Group promotes green building and utilizes energy-efficient elements in buildings, including Leed standards in properties with significant impact.
- → KSM ETF Index Climate Change Solutions of The Phoenix Investment House tracks the performance of companies listed on developed markets that work to mitigate and address the harmful impacts of climate change.
- → The Company works to increase awareness of climate change among its stakeholders.





Our Employees

We in The Phoenix group place our employees at the top of our priorities.

As a group which employs more than 4,700 employees, we are committed to a responsible management in line with the Company's values. We place importance on the promotion of diversity and on investment in and development of employees and believe that our actions reflect those values. We operate in a highly professional manner and strive for excellence in our interactions with clients, employees, business partners, suppliers and the greater community.

Our employees are our primary growth driver. As a group, we aspire to create a supportive and pleasant work environment in which employees can thrive. We attach great importance to their development, alongside their health and well-being, both during and after working hours.

We act in accordance with the provisions of the law and even beyond what is required in all matters concerning employment terms, including safeguarding human rights, non-discrimination, and prevention of inequality among Company and contract workers.



Upon the outbreak of the Iron Swords War, we worked to assist Company's employees and the entire Israeli society; we set up an extensive support network covering every need, which had arisen; we provided support and tools for Group's managers and employees in order to allow them to deal with the relevant challenges in an optimal manner. During the period, one of our main focal points was the strengthening of the resilience of individuals and families; among other things, The Phoenix hosted an expert in this area for an open meeting with the Company's employees and their spouses, in order to provide them with tools for dealing with the effects of the War on their families. Upon the outbreak of the War, approx. 140 Group employees were drafted as reservists, and so were the spouses of approx. 85 employees. We in The Phoenix group are proud of those of our employees,

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who serve as reservists; during their service, direct line managers and HR representatives kept in touch with reservists and their families on a regular basis, and the Group initiated various steps to assist the spouses of reservists.

With the gradual winding down of reservists' service, their line managers received a dedicated training regarding this process, in order to facilitate as much as possible, the process of their return to work. In order to express our appreciation of the reservists, upon their return, their work environment was prepared, and they were gifted with a sweet gift. In addition, during the first few weeks, they were allowed flexibility in terms of working hours and remote working, in order to allow them to adapt; where necessary, we participated in the funding of mental health and other support.





Employees*

	2021				2022		2023			
	Women	Men	Total	Women	Men	Total	Women	Men	Total	
			Ву	employment	type					
Full-time	3,154	1,427	4,581	3,065	1,594	4,659	3,088	1,491	4,579	
Part-time	63	25	88	154	22	176	163	20	183	
Total	3,217	1,452	4,669	3,219	1,616	4,835	3,251	1,511	4,762	
			By en	nployment c	ontract					
Permanent	3,203	1,437	4,640	3,203	1,602	4,805	3,244	1,494	4,738	
Temporary	14	15	29	16	14	30	7	17	24	
Total	3,217	1,452	4,669	3,219	1,616	4,835	3,251	1,511	4,762	
Contract employees		236			264			207		

^{1.} Note: The number of employees as of December 31, 2022 includes employees in unpaid leave, parental leave, pregnancy bed rest, and disability leave.

Employee Tornover and Employment

		20	21	20	22	20		
	Age Group	Rate of New Hires	Turnover rate	Rate of New Hires	Turnover rate	Rate of New Hires	Turnover rate	Voluntary turnover rate
	Under Age 30	2.9%	3.6%	5.5%	4.6%	6.3%	3.3%	2.3%
Women	Ages 30-50	3.9%	6.9%	6.9%	7.7%	4.4%	6.1%	3.4%
	Over Age 50	0.4%	0.7%	0.8%	1.4%	0.7%	1.3%	0.5%
Total (Women))	7.2 %	11.2%	13.2%	13.7%	11.3%	10.7%	6.2%
	Under Age 30	1.1%	1.1%	3.7%	1.2%	4.1%	1.6%	1.0%
Men	Ages 30-50	3.9%	5.0%	3.7%	4.4%	3.9%	4.0%	1.9%
	Over Age 50	0.3%	0.5%	0.3%	0.6%	0.4%	0.5%	O.1%
Total (Men)		5.3%	6.6%	7.8%	6.2%	8.3%	6.1 %	3.1%
	Under Age 30	2.7%	4.7%	9.2%	5.8%	10.3%	4.9%	3.4%
By Age Group	Ages 30-50 7.8%		11.9%	10.6%	12.1%	8.3%	10.1%	5.4%
	Over Age 50	0.7%	1.2%	1.1%	2.1%	1.0%	1.9%	0.6%
Total (all age G	Frand Totals)	11.3%	17.8%	21.0%	19.9%	19.7 %	16.8%	9.3%

^{*}The turnover rate in the organization does not include call center employees.

^{*} The increase in the number of employees and in the rate of new employees in 2022 stems from growth due to mergers and acquisitios.

Training hours by level

senior management

middle management

first-line managers

employees

Total

Women

19.4

20.6

20.2

16.2

19.1

Equipping Employees with Skills and Knowledge

We in The Phoenix attach great importance to the process of employee development - an ongoing process, which includes constant learning, growth, performance improvement and reassignment. We take steps to ensure that our employees feel that they play a meaningful role while doing their job, and that their work experiences and learning help them both in their current and in their future roles.

We believe in our people - In 2023, approx. 35% of open positions were filled with employees that were transferred from other roles within the group.

The size of the Group and its extensive scope of activities allow employees to acquire new skills, create an extensive professional network and develop a professionally diverse career. We aspire to promote equal opportunities for employees to develop their professional and management skills and encourage mobility and promotion within the Group. In 2023, approx. 250 Company employees were transferred to other roles within the group, and approx. 70 employees were promoted. Information about opportunities for transfers within the organization is disclosed in an open and transparent manner. We ensure that each and every employee undergoes training and becomes eligible to development opportunities as soon as they join the organization by ensuring that they receive support and mentoring, and by having in place accessible and adapted training programs. Each of our employees has professional development targets, which are set as part of a dialogue with their line managers. In 2023, each of our employees underwent approx. 20 training hours on average, compared to approx. 17 hours in 2022.

In view of the current work environment, which is characterized with increasing levels of uncertainty, complexity, rapid rate and number of changes, in 2023 we held a pilot of a training program named "Investing in Resilience". The program, which focused

Men

19.2

20.0

20.0

26.2

21.4

fact that resilience is a key component - a "superpower" - that
assists to effectively deal with the environment in which we
operate, which consists of uncertainty and frequent changes.
The level of personal resilience is not innate; rather, it develops
at an individual level throughout one's life, when the person deals
with challenges and difficulties. The program focuses on resilience
as a key element, which assists us to maintain effectiveness
during periods of ongoing change; it is based on the SHIELD

on the development of personal resilience through workshops,

was implemented prior to the outbreak of the War. The choice

to focus on resilience stemmed from our recognition of the

Total model, which was developed by the Leadership Institute, and 19.3 comprises components, which can be developed. Approx. 18 20.4 20.1 19.4

19.8

employees participated in the pilot. We intend to expand the program in 2024 to additional employees.
In 2023, we increased training hours by 17% in comparison to 2022



Equipping Employees with Skills and Knowledge

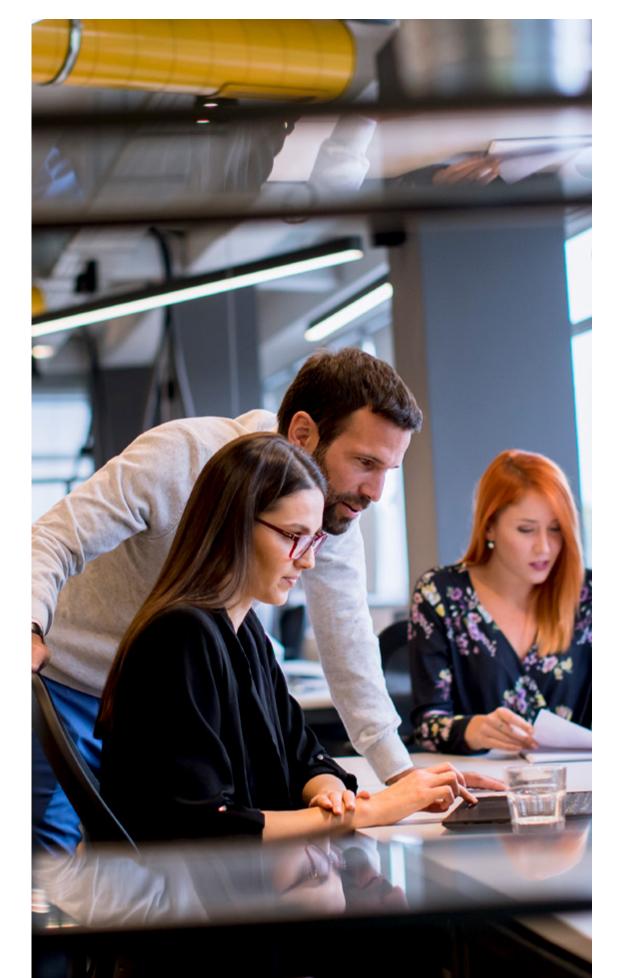
In 2023 we continued supporting employees in the way to their retirement, and implemented a dedicated retirement preparation program for employees and their spouses, having recognized the importance of making proper preparations for retirement, and the changes arising therefrom in different areas of the life of those who retire. The program, that was developed in collaboration with a specialized consulting company, was designed to provide a support framework, confer relevant knowledge,

The Phoenix is committed to its managers and employee's development personally and professionally

guidance and practical tools to employees preparing to retire, in order to facilitate the transition from employment to a new phase in their lives. The program was comprised of four face to face meetings and includes theoretical and practical components of various aspects of planning for retirement, such as financial management, relationships with one's spouse and family, leisure and the meaning of life. Participants were offered with the option to receive personal retirement planning and/or emotional support by experts, in order to resolve personal dilemmas associated with the retirement process.

The program was offered to employees, who are about to retire in the next couple of years and their spouses; it included 25 participants. This initiative reflects The Phoenix management's commitment to nurturing and supporting its employees over their employment life cycle, while providing them with tools and professional support in the lead up to this significant phase.

As part of The Phoenix's commitment to the development of its managers and employees, the Investment House initiated an annual program for the development of managers and employees - "Broadening Horizons". The program was designed to provide participants with added value in the form of skills and tools for implementing excellence and innovation in their actions, and encouraging independent learning and initiative, which support growth, through implementing a culture of learning in the Company. 20 activities were held during the year; some of them comprised several meetings; the activities included lectures, workshops, online enrichment courses, and information sharing meetings with in-house experts of the Investment House. The contents were delivered both by external lecturers and by internal lecturers, and dealt with issues such as innovation, mental resilience, management tools, effective target setting, etc. Approx. 30% of the Investment House's employees took part in the activities, and participants were highly satisfied with the topics, content and relevance of the lectures.



Human capital development

We in The Phoenix view the Group's executives as playing a crucial role, and as the driving force in the implementation of our strategy. In 2022, we presented a new leadership concept, which is adapted to the Group's strategy and the environment in which we operate. The concept is based on the organization's existing strengths, bearing in mind skills that the organization may require in the future. The leadership concept plays a key role in the organization's backbone and serves as a compass for the way by which we lead, create a uniform organizational language, and standardizes a range of organization-wide processes.

The leadership model currently underlies a range of processes and tools, which were developed in 2023, including the description of the manager's role, a workshop for recruiting managers, development program for first-line managers, etc. Furthermore, we launched "Leadership Insights" - a range of assessment tools, which were designed to assist managers to learn about their leadership style. In 2023, we held an assessment center for VP positions, which is based on a range of assessment tools, including a 360 questionnaire, group simulations, and personal interviews. The assessment center allowed us to assess the preparedness level of potential candidates for VP roles, detect information and skills gaps, and create individual development plans (IDP) for each participant, which will allow them to realize their leadership potential. 12 managers, who are candidates for VP roles, took part in the assessment center.

High-Performance Culture

The implementation of The Phoenix's strategic plan and the establishment of our competitive advantage as a group are based, among other things, on our ability to achieve excellent performance. As part of our transformation, during the past two years we established an infrastructure, which will allow us to cultivate a high-performing culture, and to generate an environment in which each and every employee will be able to develop and achieve excellent performance.

100% of the Company's active employees received feedback in 2023

In 2023, we continued to promote a high-performance culture. Among other things, we did so by implementing changes in the performance assessment process and enhancing the link between employees' performances and their compensation, including the award of options.

The management of employees' performance is not a onetime process; rather, it is an ongoing management focal point, comprising a number of processes, which take place throughout the year. The performance assessment process serves as an anchor, which allows, through a significant and open dialogue with our employees, to achieve clarity and to be able to focus in the ever-changing environment in which we operate. This year we launched the process in a new system - FNX Connect. The process serves as an opportunity for employees to express themselves, and to play an active role. The assessment relates to targets, which were achieved during the year ('what'), and to the manner by which they were achieved ('how').

Due to the security events, and realizing that this is a protracted event, The Phoenix acted professionally and at a system-wide level to adapt the way the organization conducts itself to a reality with high levels of uncertainty, and to create a managed routine, while providing tools and support to managers and employees. Following are the actions that were taken:

Managers:

- → Dedicated forums were set up for managers, which were used for updates and as a safe space for peers to discuss and share dilemmas.
- → During the period, managers underwent training and were provided with tools in connection with people management at the time of crisis. In the first weeks of the

War, training focused on reinforcing personal resilience and emotional coping strategies. Subsequently, when employees went back to the office, training focused on tools for maintaining a functional continuity and management under complex conditions.

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Employees:

- → An ongoing dialogue was held with employees, while making available information and tools for coping through a dedicated portal.
- → Meetings were held, which focused on returning to a controlled routine, and on the provision of tools for coping with the new reality.
- → A dedicated training session to parents was delivered, in order to support them in coping with family-related issues.
- → The organization initiated voluntary activities for employees, as part of the process of rehabilitation and returning to normal life.

100% of the Company's active employees and managers took an active part in the 2023 end of year assessment, received feedback as to their performance in the past year, and conducted a dialogue with their line manager regarding their professional and development targets for the forthcoming year.

As part of promoting the high-performance culture in the group, in 2023 we continued our long-standing tradition of selecting high-performing employees - based on distinct criteria, and while involving the employees in the selection process. As part of the process, we selected 25 employees, whose activities in this area were exceptionally commendable. The diversity of this team of high-performing employees faithfully reflects the diversity of the group as a whole.

As a group, we are committed to fair employment. Employeerelated decisions are based exclusively on objective and relevant considerations such as skills, abilities, seniority, experience, and professional potential. As part of our objective of becoming a data-driven organization, The Phoenix invests considerable resources in the development and adoption of People Analytics methodologies. In the field of Human Resources, in the past year

we developed and perfected our data accessibility capabilities for the Company's management, through dashboards, which provide managers an up-to-date picture and an analysis of historical data (data about the workforce, recruitment and churn rates, absences, overtime, etc.).

Those tools help in identifying opportunities and risks, and in making decisions regarding the management of people. In 2024, we will expand the use of those tools as a means to measure and assess the effectiveness of processes such as employee recruitment and retention, implement the agile operating models, and more.







Enhancing Employees' Engagement and Experience

Open and transparent communication with the employees constitutes a key pillar of our culture, contributes to the creation of a safe psychological space, where each and every employee will feel they belong, thereby reinforcing the values of diversity and inclusion. We use a range of channels to promote an ongoing dialogue with the employees, including: an open-door policy, conducting round-table discussions, meetings and departmental and organization-wide forums, as well as an internal portal and a dedicated Facebook page, which allow two-way communication and a platform where employees can share experiences and events from their life.

84% of our employees have collective agreements

Several companies in The Phoenix group - including The Phoenix Insurance and The Phoenix Pension and Provident - have collective agreements with 84% of their employees.

We maintain continuous dialogues with our employees, cooperate with employee union representatives, and uphold and maintain all rules for freedom of association and collective bargaining.

As part of The Phoenix's investment in people, and the emphasis it places on the improvement of the employee's experience, we held a range of events in 2023, some of which are aimed at employees, some are also participated by spouses, and some are also targeted at employees' children. The events are aimed at different ages, mark various dates on our calendar, and are held in collaboration with the community. Thus, for example, an event was held for approx. 200 children of our employees, who are about to start school; another event was held to commemorate the holocaust, participated by approx. 100 holocaust survivors, who live close to the Company's HQ in Givatayim, and a pride panel was held to mark the events of pride week, which was led by The Phoenix employees, who represent the LBGTQ community.



Employee Engagement Survey

In 2023, we continued implementing employee journeys, which are related to various events in the employees' lifecycle. This year we conducted a survey among The Phoenix employees, as another measure in the Group's organizational listening practices.

81% of employees participated in eNPS survey in 2023, its results reflect that about 70% of employees are engaged with the company.

The survey is designed to assist us - as an organization - to understand what affects the employees' engagement, and to allow the employees themselves to affect their experience. The 2023 employees survey serves as a baseline and will allow the measurement over time of the effect of the transformation, which the organization undergoes. This will support our aspiration as an organization to improve on a consistent basis. The survey serves as a base line for a dialogue and development processes involving managers with regard to employees engagement and retention.

The employees survey included 37 questions divided into 10 categories; the response rate was high and stood at more than 81% (more than 2,300 employees). The analysis of the results was carried out with reference to a range of breakdowns (demographic parameters such as: years at the company, age group, gender, rank (manager/employee), etc.). The annual employees survey and the analysis of the results were carried out before the outbreak of the Iron Swords War.

The survey's results show that the Group's employees are proud to work in the organization, feel satisfied, and will recommend The Phoenix as a good workplace. Furthermore, the Group's employees and managers feel valued, and believe that their work and contribution are recognized and appreciated. When the performance management and professional relations aspect is assessed, many employees and managers note that the targets and the results they are expected to achieve are clear; those employees have a positive view about their relations with team members and line managers. Several important issues were raised by employees in the survey as issues that can be improved. These issues were discussed as part of the work plan, both at the organization level, and at the level of the different units.

Safe Work Environment

The Company attaches paramount importance to the prevention of sexual harassment and bullying, which might adversely affect human dignity, freedom, privacy and gender equality. The Company has taken a range of actions in view of the importance of this issue, as follows: appointment of two officers in charge of prevention of sexual harassment (a man and a woman) in order to manage and supervise all dealings relating to this issue; many lectures were held in various forums in order to introduce this issue to employees, and a relevant tutorial was distributed to all Company employees. Furthermore, a special appendix was added to the collective agreement that applies to Company's employees, which includes relevant information and explanations, such as: definitions of sexual harassment and bullying, Company's policy, complaint submission procedures, complaint handling process, the methods of investigating and handling complaints, and more.

In the opinion of the Company, good and respectful work relations include, among other things, fair and descent attitude towards each and every person, and the Company strongly objects to bullying in the workplace regardless of the rank, background and type. This falls under the remit of the representatives of the Human Resources Department, who are assigned to the Company's business units.

There are several mechanisms for employees to request advice or raise various concerns within the Group. Protections and procedures for handling complaints regarding the business activities will be implemented at the approval of the Audit Committee. Employees are able to contact a designated HR representative or a department manager to file a direct complaint. Alternatively, they may submit an anonymous complaint to a dedicated email box. The HR department is responsible for handling any issues or complaints raised by employees.

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< Enhancing Employees' Engagement and Experience

Onboarding in a Click and Onboarding Surveys

As part of our aim to improve employees' experience, this year we focused on the employees' first interaction with the organization, and created an innovative digital onboarding experience – this is the first phase of the "Onboarding in a Click" process. As part of the support we provide to new employees, we conduct onboarding surveys about a couple of weeks after the commencement of the new recruits' work, in order to assess the onboarding process and the readiness of the work environment; the surveys are conducted again after about three months, in order to ensure that the employees have the tools and support they need to succeed in their job (the onboarding process).

Contract Workers

There are 207 professional contract workers within the Group, many of whom are employed through third-party suppliers. We require our suppliers to obey all legal provisions regarding the employment of contract workers (specifically regarding pay).

We conduct periodic audits of suppliers to monitor compliance with labor law and ensure workers' rights are upheld.

Employees' Health and Well-being

The Group provides comprehensive benefits to employees, including life insurance, health & dental insurance, parental leave, pension, and educational funds. Company options are available to select employees. In addition, employees have access to a unique loan fund with special benefits and can purchase services and products at a discounted rate. The latest collective agreement, which was signed at the beginning of 2022, stipulates that the minimum wage in the group is 10% higher than the statutory minimum wage in Israel, and the ratio between the CEO's pay and a Group employee's median pay is 21.4.

Furthermore, we in the Group endeavor to ensure an optimal work environment, due to our concern for our employees' well-being and mental health, which is reflected in the number of

In The Phoenix, hybrid working is about the essence of adaptation of work methods, management, organizational infrastructure, and the employee's experience to the new reality, which entails significant advantages

absence days of employees, which amounted to 31,566² in 2023. For example, by encouraging managers to conduct an annual/biannual managers' survey. We provide a broad basket of Company and welfare services, including subsidized day care centers and holiday clubs for children. During the course of the year, the group holds a variety of team building events and enrichment activities, fitness and sports groups, gives gifts

for the holidays and lifecycle events, and also holds an annual leisure day that all employees can enjoy, with considerations made for those with special needs (accessibility, religious needs, and more). As part of maintaining a proper and healthy work environment, we ensure that employees' personal equipment undergoes ergonomic adaptations. Road safety of employees, who use company cars, is highly important, and therefore the Company's transport officer provides guidance to each employee who drives a company car; messages are sent on a regular basis to increase awareness of safe driving and safety rules, and the cars are checked on a regular basis to ensure that they are in good order; in the event that the car is involved in an incident, an accident investigation is carried out in order to draw conclusions.

In addition, a wide selection of individual and family activities is made available to employees to enjoy outside of work at a discounted rate - such as theater subscriptions, vacations, family workshops and activities, gym benefits, sports events, and more.

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Parental Leave

	2021			2022			2023		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Total number of employees that were eligible for parental leave in this reporting period	451	48	499	317	127	444	297	95	392
Total number of employees that took parental leave in this reporting period	451	7	458	314	4	318	297	2	299
Total number of employees that returned from parental leave during the reporting period	311	5	316	250	4	254	211	3	214
Total number of employees returning from parental leave in the year previous to this reporting period, and were still employed at least 12 months thereafter	219	4	223	174	3	177	187	2	189

In order to support employees in maintaining a work life balance, we expanded the hybrid work pilot plan that we implemented during the Covid-19 pandemic; the plan was expanded in the different business units, and currently - approx. 95% of the employees may work remotely. In The Phoenix, hybrid working is not only about remote working, the option to work part time, provision of equipment, extending the eligibility to catering and welfare services to one's home, but also about the essence of hybrid working - adaptation of work methods, management, organizational infrastructure, and the employee's experience to the new reality, which entails significant advantages. In view of that, we are required to adapt our leadership style to the requirements arising from the new reality in which we operate, and for that purpose in the past year we held a number of workshops with managers in the organization in order to provide them with tools to manage employees working remotely, and at the same time successfully meet the business targets.

As part of our support for employees, we provide assistance with individual emotional or physical issues, including coping with older parents, grief and bereavement support, including a grief care package in the event of death, preparation for life after retirement, and other personal topics.

At the same time, we offer paid parental leave³ to new mothers and fathers, according to local regulations and requirements, and even pay extra two days of paid leave at the expense of the Company and beyond what is prescribed by law to fathers, who support their wives after they have given birth. Every baby born to Group employees is sent a special gift as soon as they are born. Mothers returning from parental leave are allowed to go back to work in a flexible and gradual manner; to those women, who opt to continue breastfeeding, we provide a breastfeeding room, which is equipped and adapted for the purpose of expressing milk when the mother is away from the baby during working hours.



Diversity & inclusion

We in The Phoenix view diversity and inclusion as a way of living; we implement activities to enhance a culture of diversity and inclusion in order to generate a better social infrastructure for us as a group and for the communities in which we operate. We attach paramount importance to the promotion of employment diversity and a culture of inclusion, both due our social commitment and in recognition of the contribution of those principles to business success, by, among other things, identifying and promoting the employees that have the best capabilities and highest potential. We encourage equal opportunity at work, without any discrimination based on religion, race, gender, nationality, or other considerations.

The underlying principle of the Company's recruitment and job assignment processes is the promotion of diversity and inclusion. We work in collaboration with government ministries, NGOs and HR organizations that support the employment and integration of groups that are underrepresented in the labor market, such as ultra-Orthodox Jews, Israeli Arabs and the disabled. In order to achieve the targets, a number of dedicated plans were promoted.

The importance we attach to diversity in our workforce is reflected in a number of measures: Firstly, open jobs are advertised in all recruitment channels, and members of a range of population groups are encouraged to apply; in addition, there are dedicated recruitment channels for specific population groups, with an emphasis on employees with disabilities; secondly, managers undergo interview workshops, that provide them with tools, which allow them to interview candidates in an effective and focused manner, especially candidates with disabilities; and finally, in order to increase the diversity among those, who are eventually assigned to the roles, the full time equivalent of the position is adjusted, and candidates are offered flexible working and to incorporate hybrid working in the service and operations function.

The HR Department is in charge of the activities aimed to promote diversity and inclusion in the organization, including giving managers the tools to recruit and retain employees.

The SheLeads Forum

In 2023, we set up the SheLeads forum in order to link female Group VPs, board members in The Phoenix Holdings and members of the business team. The forum is a milestone in the promotion of a culture of excellence, and it serves as a space for learning, collaboration and mutual beneficial relations.

The forum's objectives:

- → Broadening the influence and development spaces of female senior managers in The Phoenix
- → Developing and reinforcing a female network in the organization
- → Gender equality in senior leadership

The forum is composed of 31 female VPs and 8 female directors and senior female managers in the business team. The forum is based on a range of learning spaces, including peers advice and one-on-one meetings.



Introduction

31% of senior managers are women. We strive to achieve gender equality and promote women.

The Phoenix group and its employees mirror the Israeli society and reflect a wide-range of occupational diversity. Approx. 70% of employees and 44% of managers and senior managers together are women. The rate of women among senior management alone is currently 31% - We strive to achieve gender equality and promote women; it is our belief that gender equality is a very important value that allows each and every employee to fulfill their personal and professional potential, and also allows the group to recruit, promote and retain the best employees. In the business units 51% are women, and in the STEM units - 46% are women⁴.

		20)21		2022				2023				
		Age group	Total employees	% Women	% Under represented group	Age group	Total employees	% Women	% Under represented group	Age group	Total employees	% Women	% Under represented group**
	Under Age 30	-		31%	0%	-				-		31%	2%
Senior management	Ages 30-50	62	108			91	146	28%*	2%	90	159		
	Over Age 50	46				55				69			
	Under Age 30	6	382	53%	1%	40	603	56%*	4%	29	646	61%	4%
Management	Ages 30-50	304				451				491			
	Over Age 50	72				112				126			
	Under Age 30	1,150			10%	1,063		68%	11%	954	3,957	71%	10%
Non-Managers	Ages 30-50	2,504	4,179	71%		2,477	4,086			2,397			
	Over Age 50	525				546				606			
Total		4,669	4,669	69%	9%	4,835	4,835	67%	10%	6,785	4,762	68%	9%

^{*}The data were retroactively corrected following an audit that revealed errors in reporting in the previous year.

4. Excluding the investment house and agencies.

^{**} Not including Oren Mizhrach Agency.

Underrepresented populations include: 21 Arabs, 295 Ultra-Orthodox Jews, 59 employees with disabilities and 7 employees of Ethiopian descent. Diversity in our management is reflected as follows: 2 Arabs, 15 Ultra-Orthodox Jews, 5 managers with disabilities, and 2 managers of Ethiopian descent.



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Wage Gaps and Gender Equality

In accordance with the provisions of the Law on Equal Pay for Female and Male Workers (1996), this year we also performed a comparative analysis of the average salary levels in the organization. The wage gaps of male and female workers in the matrix of the organizational level and occupations.

From the analysis of the data, it appears that there are wage gaps between women and men, sometimes in favor of women and sometimes in favor of men. The median wage gap (gross) stands at -27.1%. From the analysis of the pay gaps it appears that they do not arise only from gender reasons but from objective data that affect the personal pay of each employee, such as: seniority and professional experience, satisfaction and appreciation of

the manager, meeting goals, overtime and more. The Phoenix operates throughout the year in identifying and locating wage gaps, investigating them and carrying out preventive actions in the recruitment, mobility and promotion processes alongside actions to correct the gaps if they arise from aspects of gender. This year, in the annual feedback and evaluation process, we brought to the attention of the managers the cases in which we identified pay gaps that arose from gender aspects, and the organization even allocated a dedicated budget to reduce them. In most cases, this year's gap was proactively reduced through this budget.

Every employee receives a report once a year on their personal affiliation to the relevant category and the wage gaps that exist in it, if any. For more information on the wage gap, see here.



Our Impact - Corporate Governance

The Board of Directors of The Phoenix Holdings Ltd. (hereinafter - "The Phoenix Holdings") is the forum holding the ultimate power in the group. It directs and supervises the group's activities.

Our new compensation policy includes a component that weights the Company's ESG rating

In the Board of Directors of The Phoenix Holdings, 3 out of 9 directors are independent directors; 2 women serve in the board, with the average tenure of board members being 3.47 years. Members of the Board of Directors are elected in a process of individual voting, mostly by the members of the General Meeting, who appoint them and renew their tenure.

In 2023, the Board of Directors held 28 meetings, and attendance rate stood at 95%.

The Board of The Phoenix Holdings has several committees that oversee the Group's various business activities, including the Audit Committee, Financial Statements Review Committee, Compensation Committee, Strategy Commissioner, and Sustainability committees; this year, a risk management committee was also established.

The Board of Directors of The Phoenix Insurance has a number of other committees: Risk Management Committee, Nostro Investment Committee, IT Committee, and Search Committee (in relation to the appointment of independent directors).

In addition, the Group has an independent joint Investment Committee, which is charged with the management of clients' funds. Its members have no affiliation to the Group. The Chairman of the Board of Directors and members of management do not take part in decision making in the group.

For more information regarding the Board of Directors, its structure, nominations, and compensation to directors, <u>see The Phoenix</u> Financial Report 2023.

The Phoenix group implements a diversity policy in its board of directors, whose objective is to promote a more diverse board; this policy places an emphasis on the Group's commitment to promote diversity and inclusion among board members, while improving those criteria in the future. The Phoenix group has a target whereby by 2025 no less than 33% of board members will be women.

For further information about our policy regarding diversity in the board of directors, see here.

At the beginning of 2024, the <u>compensation policy</u> regarding senior officers for 2024–2026 was revised, such that it includes a component that weights the Company's ESG rating, in order to emphasize Company management's commitment to the implementation of sustainability in all of the Company's activities.

Our board diversity target - by 2025 no less than 33% of board members will be women.





Managing Sustainability in the Organization

The Board of Directors - through the Sustainability Committee and the Risk Management Committee - monitors ESG issues and the risks derived therefrom. The Sustainability Committee convenes every quarter - this year it convened 6 times. The committee monitors the progress of the multi-year work plan, discusses the Sustainability Report annual reporting procedure, and the implementation of ESG considerations in the Company's various activities, including the issuance of insurance and making investment decisions.

Generally, the Insurance Company's Risk Management Committee convenes every month and on an ad hoc basis, and discusses, among other things, the implementation of methods and tools for the management of ESG risks in the different Group departments. Thus, for example, during 2023, the committee held a discussion on climate risks, as part of which it received a review from the

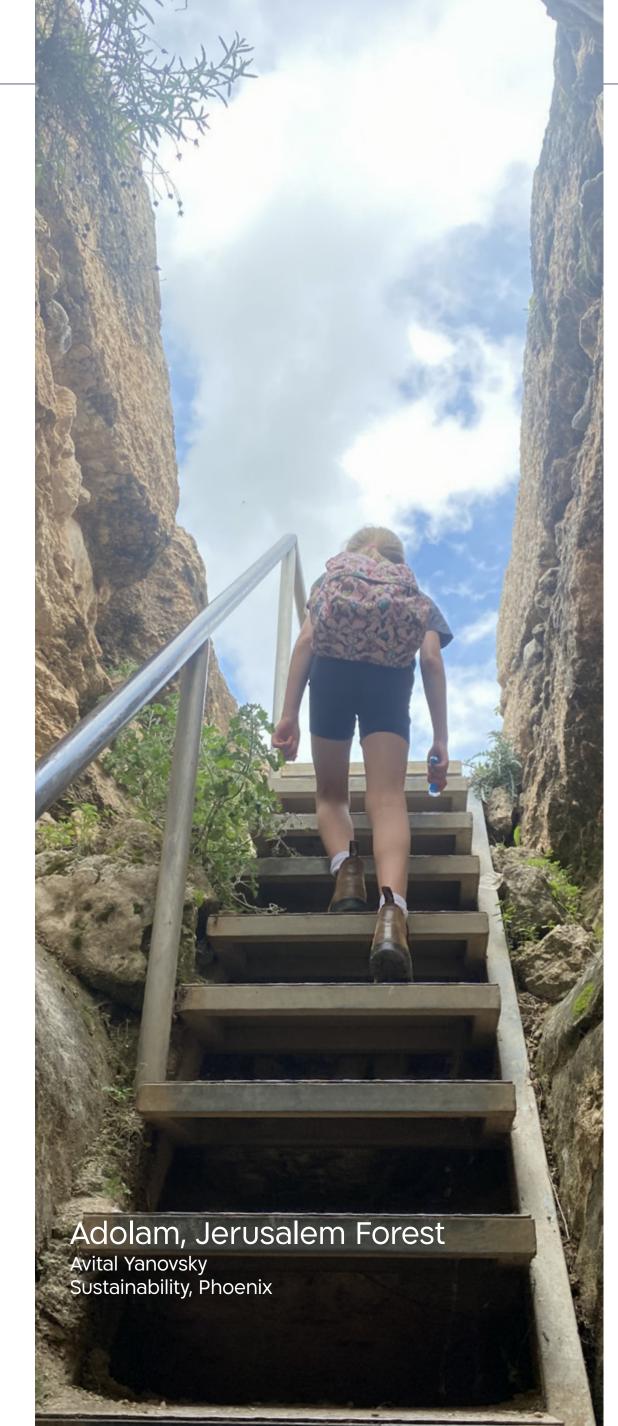


Risk Management Department and the Head of Sustainability regarding the mitigation of climate risks in the Group and the risks map, and also discussed a selection of risks.

In addition to the above, the Investments Committee is charged with the management of investment processes from an ESG perspective; for more information, see the investments chapter.

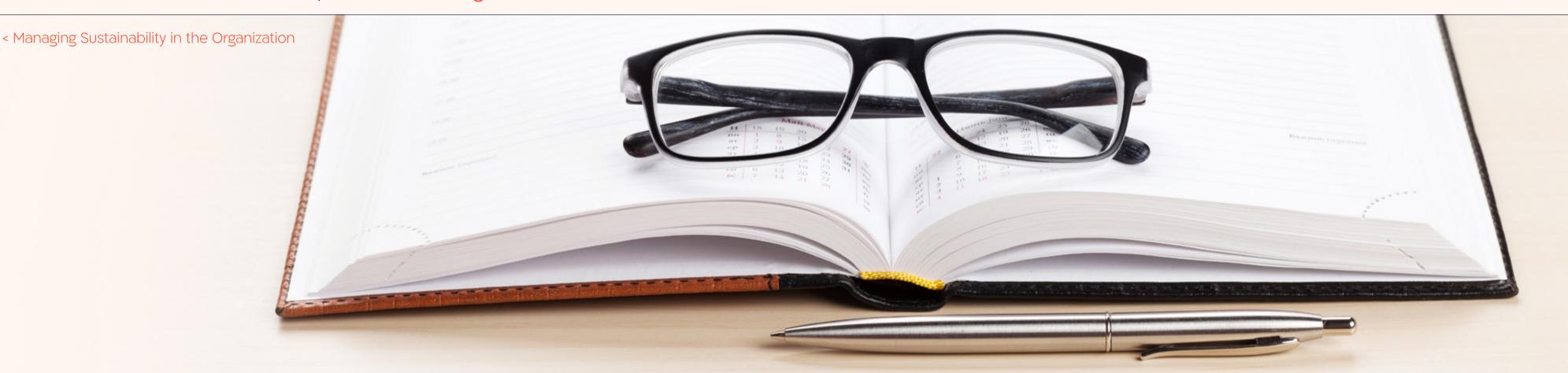
The field of sustainability in The Phoenix group is managed in three tiers: the organization, products and services, and investments. The Group's Board of Directors and management appointed the Group's Chief Legal Counsel and Deputy CEO, Mr. Meni Neeman, as the officer in charge on their behalf of ESG, sustainability and climate issues, and the implementation of the sustainability strategy. In the Legal Department, Ms. Avital Yanovsky was appointed as the Group's Head of ESG and Sustainability, reporting to the Company's Chief Legal Counsel on a regular basis.

Furthermore, the Head of ESG and Sustainability maintains regular contact with various Company officers, in departments that implement processes, which are relevant to her work; thus, for example, she is a member of a taskforce headed by the Risk Management Department, whose aim is to implement the management of climate risks in the Group; she also works with the Company's investments function to broaden the knowledge required to incorporate ESG considerations in the process of making the Group's investment decisions.



The Sustainability Committee was set up by the Board of Directors in 2021 in recognition of the importance of this issue. The committee convenes once a quarter in order to advise and supervise the relevant activity in the entire group. Among other things, the Sustainability Report is submitted for the approval of the committee prior to its publication. ESG and sustainability topics are also brought before the Strategy Committee and the Company's Board of Directors. The Chairperson of the Committee, Mr. Roger Abravanel, has vast experience as a director in European insurance and finance institutions, where sustainability and ESG have been on the agenda for a longer period compared with Israel.

In addition to the committee, an ESG forum was established which is led by the Chairman of the Board of Directors, with the participation of managers and employees from all Group companies. The forum's objective is to promote organization-wide thinking on sustainability issues, while broadening the knowledge in this field, assessing sustainability trends, and finding innovative solutions to promote and implement the issue of ESG in the organization. This forum convenes every two months for joint learning and discussion of matters and projects. The forum conducts thorough checks in connection with specific issues after conducting a comprehensive collection of data through surveys, questionnaires and internal discussions, which assist in the forming of the field's annual work plan.



Promotion of Knowledge in The Field of Sustainability and ESG

In addition to the dedicated organs that lead and monitor all things concerning ESG and sustainability in the Group, we in The Phoenix believe that knowledge is a necessary infrastructure and foundation for action. Therefore, during the past year we continued the plan for imparting knowledge to a range of stakeholders:



In view of the great importance of the issue of AI and the key role it plays in the Group, during 2023 Company's Board of Directors and Management underwent a comprehensive training in connection therewith. As part of the training, lectures were delivered by content experts from various leading entities, which presented to members of the Board of Directors and management the opportunities the tool has in store for The Phoenix, and the manner by which AI is expected to influence our world, the business world in general, and The Phoenix and its stakeholders in particular. At the same time, the experts noted the challenges that the tool presents, including the risks embodied in the technology, and the use thereof, in terms of privacy protection, information security, fairness and bias, ethics, etc.



Members of the ESG forum and other executives went on a peer learning sustainability tour in "Dizengoff Center", as part of which the CEO of the mall delivered a fascinating presentation about the sustainability values implemented by the management, and the range of ways by which those values are implemented in the business activities. This tour was held in addition to the ongoing learning and discussions as part of the forum.



Lectures were delivered to **employees** in connection with ESG and sustainability, in order to increase awareness of the risks and opportunities and reflect the Company's activities in the field of sustainability. Each lecture was adapted to the unit's area of activity and focused on the material topics of that unit. For example, the department charged with monitoring the relationship with the agents, who market the Group's financial products, were given points of emphasis on the responsible investment policy, while the Consumer Credit Department, which is experiencing growth, was presented with a review of local and international examples of sustainable credit products. At the same time, employees of the Finance, Risk Management, Investments, and Legal departments underwent training and were delivered with a review in connection with the ISSB regulation in order to prepare ahead of time and understand the implications.



Agents, who participated in the dedicated and prestigious program - FNX Business School - participated in a lecture on climate change delivered by the international reinsurer Munich Re, as part of a learning trip to Munich.



With regulators, consultants and umbrella organizations - We took part in meetings, discussions, conferences and panels focusing on ESG issues, as well as various ESG initiatives in collaboration with regulators and organizations in order to raise awareness of the relevant issues, with an emphasis managing ESG risks and responsible investments, and improvement of corporate governance and transparency of corporations in Israel.



Risk Management

Risk management is carried out at Group level by the Chief Risk Officer, who reports to the group CEO, and independently at each group company level. The Group's risk management strives to support the Group companies and protect them from unforeseen losses that may prevent them from fulfilling their business objectives, while complying with all regulatory requirements.

The Group's risk management policy is based on a firm-wide risk management approach. According to this approach, the risk management processes (which include identification, measurement and assessment, control and mitigation, monitoring and reporting), for each type of material risks, are carried out across Group activities. The key elements of this approach are overall, forward-looking, measurable, monitored and dynamic risk management.

The Group attaches great importance to the involvement of the Board of Directors and the investment committees in the risk management process. The Board of Directors appointed risk management committees on its behalf for The Phoenix Insurance and The Phoenix Pension and Provident Funds, which convened 12 and 4 times, respectively, during 2023. The Phoenix Insurance's Risk Management Committee is composed of 5 directors: Hila Conforti (Independent Director) - Chairperson of the Committee,



Mr. Benjamin Gabbay, (Chairman of the Board of Directors), Ms. Stella Cohen, Mr. Itzhak Shukrie Cohen, and Ms. Giorgia Rodigari.

In February 2024, the Board of Directors decided to set up a Risk Management Committee for the Company, which will assess the risks at the group level. This committee will be composed of 4 directors: Dr. Ehud Shapira (Independent Director) (Chairman of the Committee), Mr. Benjamin Gabbay, Chairman of the Board of Directors), Mr. Itzhak Shukrie Cohen, and Ms. Stella Cohen.

The risk management committees discuss issues pertaining to risk management, and even provide recommendations to the companies' Boards of Directors regarding, among other things, the following issues: Economic Solvency Regime, capital plan, ORSA report, Emerging Climate Risks Report, risk management policies, and risk appetite framework.

In addition, the board of directors' committees of The Phoenix Insurance and The Phoenix Pension and Provident set risk limits relevant to the area of activity, such as a stress limit, ALM limit, CPI linkage limit, interest rate sensitivity limit and liquidity limit, for exposure to market risks as well as limits for aggregate exposures for investment activity. At least once a year, the Risk Management Committee of the Board of Directors and the investment committees are presented with a risk exposure report than includes identification and mapping out of the risks that are material to the financial strength of the corporation, a description of the level of exposure to identified risks, a description of the control measures for these risks and recommendations for improvement of controls, as needed. Furthermore, the extent of the exposure to risk and changes in the risk profile are assessed and updated on a regular basis in accordance with the changes in the business environment and regulatory changes in Israel and abroad. Accordingly, the changes that were identified in the risk profile and the change in the assessment of the exposure are presented to the Board of Directors' Risk Management Committee and the investment committees.

The field of ESG comprises a number of aspects embodied in activities and processes taking place in the Company, and the risks it brings to the Company may constitute "risk drivers" for the materialization of the traditional types of financial risks managed by The Phoenix. That is to say, one may say that an ESG risk is a risk for a financial loss to The Phoenix arising from current or future effects of environmental, social and governance factors on counterparties, or on invested assets of the Company, alongside direct effects of these factors on The Phoenix. ESG risks are becoming more significant, both in the area of financial investments, due to their impact on investment portfolios, and in the area of insurance, due to their possible impact on the Company's insurance liabilities.



Emerging climate risks are normally divided into two types:

- → Physical risks arising from the materialization of damage to property, land and infrastructures due to an increase in the severity of extreme climate events, and due to the gradual change in various climate phenomena, such as heat waves and rising sea levels. The effect of the physical risks may take a range of forms - disruption to operations, transport, and supply chains, damage to physical assets (plants, equipment, infrastructures), effects on insurance liabilities and adverse effect or restrictions on access to resources.
- → Transition risks arising from humanity's tackling climate change, including the transition of countries and companies to low-carbon business and operating models. As part of this, there may be regulatory changes, which are required to tackle global warming and to cut emissions, as well as technological developments, uncertainty in the markets and changes in public's sentiments and in reputational perception of companies and raw materials.

In 2023, the Risk Management Department revised the policy for identifying material emerging risks: ESG, climate-related, cyber and disruptive technology (hereinafter - the "Policy"); as part of this policy, the Risk Management Department works to identify, assess and mitigate emerging ESG risks, and in particular physical climate risks and transition risks that stem, among other

things, from legislative and regulatory changes in the field of environmental protection in Israel and across the world.

During the past year, the Risk Management Department, together with the Company's ESG function acted - and are continuing to do so in 2024 - to implement the policy, with an emphasis on climate risks. In accordance with this policy, the Risk Management Department, and the Sustainability and ESG Department, prepared - in collaboration with an external consulting company - an Emerging Climate Risks Report for 2023 (hereinafter - the "Climate Risks Report"), whose conclusions were presented to the Risk Management Committee, and focused on three key processes:

Mapping and identifying climate risks - carried out through the "risks map", which is divided into physical risks and transition risks, and a further category of financial risks. At this stage, a review was carried out regarding global and domestic trends in connection with climate risks, which is based on regulatory trends, social-environmental trends and geopolitical trends.

Exposure assessment - as part of the Climate Risks Report, a qualitative exposure assessment was carried out regarding selected risks in various time frames.

Risk management - according to the exposure assessment strategies and tools were defined regarding the management and monitoring of the risks.







Compliance

The compliance risk in the Group's institutional entities is carried out through three "lines of defense": (1) department managers and "compliance officers" in the Company's different units; (2) the Chief Compliance Officer; (3) the internal audit function, the Board of Directors and its committees.

The compliance officer works through four internal compliance programs adopted by the Company: (1) A compliance program for insurance, pension and provident fund laws; (2) a compliance program for securities laws; (3) a compliance program for competition laws; (4) a new compliance program, which was adopted in 2023, regarding privacy and data protection laws. As part of the implementation of the plans, the compliance officer conducts, among other things, various types of compliance tests, primarily compliance surveys, in accordance with a risk-based multi-year work plan, regular monitoring of the implementation of new regulations, monitoring the way audits on behalf of the regulators are handled, various controls on implementation of procedures, etc. Furthermore, the compliance officer conducts training activities across the Group. At least once a year the compliance officer reports to the Board of Directors and the Audit Committee about the action taken in accordance with each of the compliance plans.

Introduction

Ethical Conduct

Code of Ethics

The Phoenix group is committed to responsible business conduct. Its Code of Ethics reflects its values and guides it in its business relationships and activities with employees, partners, and stakeholders. The Code of Ethics deals with issues such as transparency, corruption, human rights, ethical dilemmas and conflicts of interests. It deals with ESG issues of the Group and its suppliers, fair work environment, the importance of competition, and more. The Code of Ethics is embedded in all of the group's activities and encourages fairness and transparency in our business processes, including managing employees, wage processes, engagements, benefits, and more. The Phoenix group assesses the Code of Ethics every two years, and if necessary revises the Group's Code of Ethics, whose objective is to define the rules of behavior. The Code of Ethics was revised in the past year. For further information, see: The Phoenix Code of Ethics

All Group employees and managers are responsible for implementing the Code of Ethics in full. Contacts for inquiring or reporting dilemmas or concerns pertaining to the Code are included therein, including processes for reporting breaches of the Code of Ethics and the Company's way of handling breaches via public and anonymous channels. As part of the process of dealing with the complaint, meetings are held with those involved, the severity of the case is assessed as well as the proper handing thereof in line with the Group's Code of Ethics; if necessary, the process is carried out in collaboration with the

Workers' Committee. The Phoenix conducts internal monitoring of all of the above issues, and reports any detected breaches in its reports to the public.

Implementation of the Code of Ethics

The employees undergo a dedicated training in connection with the Code of Ethics from time to time, and every year they do a tutorial to implement the Code of Ethics, which deals with issues and conditions that employees may encounter during the course of their day-to-day work. In 2023, approx. 86% of the employees and 84% of the managers read the tutorial and signed the Code

More than 80% of our employees have underwent a training in the code of ethics

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of Ethics. Concurrently, the Company's suppliers declare that they undertake to act in accordance with the Group's sustainable procurement policy, which also includes aspects of the Code of Ethics pertaining to suppliers, whenever an engagement is entered as from July 2023.



In addition, every year, a communication is sent to all employees regarding the prevention of embezzlement, fraud, and bribery and the upholding of the integrity of our business activities. Employees are asked to report suspected fraud or embezzlement within the Company, or to report any deficiencies in financial statements, internal control systems, or compliance with the provisions of the law. Channels to communicate these activities are included in the communication, including anonymous channels.

The Group has set and implements 'blackout' periods prior to the publication of financial statements, during which employees are prohibited from trading in securities of the Group or the Group Companies. The Phoenix conducts comprehensive internal audits aimed at identifying any failures, weaknesses, or vulnerabilities in the management of processes and activities in accordance with the provisions of regulations and the law.

In 2023, there were zero incidents of legal actions, decisions or judgments related to anti-competitive or corrupt behavior by the group. During the reporting period, three inquiries were submitted to the Company's ethics officer, regarding: Sexual harassment, information security and conduct on social media, which is not in line with the Company's Code of Ethics. All of which were handled with due seriousness by the ethics officer and the Head of Human Resources.



Human Rights

We believe that a commitment to human rights contributes to business success and leads to a healthy society and prosperous community. The Phoenix group is committed to uphold the human rights of its employees, and works to promote a respectful work environment, in which all of its stakeholders across all its areas of activity are treated with respect and fairness and in a caring manner. We believe that every person has the right to live in dignity and equality, regardless of race, religion, gender, age, sexual orientation or any other factor. We act in accordance with the Universal Declaration of Human Rights, and in accordance with the Declaration on Fundamental Principles and Rights at Work and uphold high ethical standards in all of our areas of activity.

The Phoenix attaches paramount importance to protecting human rights and preventing potential violations. In view of the above, during 2023 the Company published for the first time a human rights policy, which was written by the ethics officer, and the head of sustainability, and was approved by the Group's Sustainability Committee. As part of process of writing the policy, we mapped the organization from a human rights perspective. This process included a risk assessment aimed at identifying and assessing the potential effects of the Company's activities on human rights, and the points in which those effects may be reflected in the Group's various activities. For example - direct / indirect employment, including women and thirdparty's employees, the level of services and products - between the organization and agents, suppliers and service providers to clients, and the level of investments and insurance - indirectly through companies, which we insure and in which we invest.

We assessed the means, mechanisms and tools for risk management in those activities, for example: compliance with the provisions of labor laws and employment, including interaction with Workers' Committee, and the Group's annual refresher training sessions to employees in connection with the Code of Ethics and prevention of sexual harassment. Ensuring that suppliers sign agreements that include undertakings to uphold human rights and comply with labor laws. Conducting comprehensive background checks for a new agent, who wishes to work with the Group, in order to check that the agent did not conduct themselves in a problematic manner from financial and regulatory perspectives and from a service perspective, including human rights. Concurrently, in the Group's co-invest activities, we assess our investment partners in order to identify joint interests and alternatively - conflicts of interest, and conduct, which is not in line with The Phoenix's culture. In direct investments in companies, we assess the ESG rating of the companies, which weigh the risks of infringement of human rights due to inappropriate conduct by the company.

For further information, see: The Phoenix Human Rights Policy.





Information & cyber security

The importance of protection against cyber attacks increases with the development of innovative technologies and the sensitive information stored therein. The Phoenix group conducts ongoing assessments of the threats to the IT and communication systems for the purpose of securing the availability of systems, confidentiality of information, and reliability of data. In order to minimize the potential damage, we deploy and implement advanced tools for 24/7 monitoring, identifying and containing cyber threats or breaches. This is done in accordance with orderly principles regarding incidents where availability, integrity or confidentiality are undermined.

The Group defined guidelines, designated areas of responsibility and applicability, as well as ways to inform all employees of the subject, as part of the business activities and operating activities. The Company made it possible for all employees to report immediately - in a number of ways - any instance where there are concerns to a materialization of the cyber risk, including - for example - a "dedicated reporting button", through which an employee can report an email, which is a suspected phishing email; as soon as the button is pushed, the email is blocked in all email boxes in the organization to which it was sent, and the matter is transferred immediately for a review by information security personnel. The Group also defined an administrative infrastructure for the full range of required information security activities. From time to time, the Group conducts simulations of various information security incidents. The Company conducts top table drills once a year, in which the crisis management team, the business divisions and the technological functions simulate information security crises. In addition, throughout the year, the

Company carries out at least 3 unannounced technology-related drills in which the Company effectively assesses the capabilities of the technological teams - cyber and infrastructures - to identify a cyber event and deal with the effects of such an event, for example - servers restoration in an event where an attacker managed to encrypt them; some of the exercises are carried out by ethical hackers hired by the organization in order to challenge the defense mechanisms in the form of unannounced attacks, in addition to the use of advanced technological capabilities, which constantly and continuously attempt to attack the organization.

The cyber risks are managed by the officer in charge of cyber security and information security (CISO), who reports to the Chief Technology, Information Systems and Innovation Officer. The Chief Technology, Information Systems and Innovation Officer is in charge of verifying that the senior managers of all business units and subsidiaries devote their utmost attention to this issue. Day-to-day responsibilities for security and privacy are overseen by various teams and managers, including The Phoenix's cyber defense team, the Legal Counsel Division, risk managers, etc. In addition, we have set up a cyber incidents response team. The corporate governance rules, which are set in the Company's procedures, include a number of quarterly control processes, including steering committees dealing with information security and cyber security issues from a Group perspective; as part of those processes, updates are presented as to emerging threats, the principles of the response and the status of the implementation of the work plan, and breach and attack simulations are held, which are independent technological control tools; the risk management function of the Company is challenged regularly, the Chief Internal Auditor conducts audits as well as a quarterly discussion, in which the situation is presented to the Board of Directors' IT Committee.

Company's management has in place regular control processes to ensure resilience against the various threats. Progress of the cyber unit's work plan is audited on a regular basis by steering committees and by committees meeting face to face. The Chairperson of the Committee has background and experience in the field of information security and cyber protection. Regular reports are delivered to the Board of Directors based on the reports and other components, and the board outlines guidelines with the support of a cyber security expert. The advisor challenges the activities of the cyber security officer, and the Company's preparedness for tackling the risks. He implements regular controls over the matters presented to the Board of Directors and explains the risks and the responses. Furthermore, the Company's Chief Internal Auditor conducts audits on a regular basis in the areas of information and cyber security with the assistance of external experts.

The Phoenix Insurance and The Phoenix Pension and Provident are subject to local information security regulations and obtained PCI standards. Three Group agencies comply with the ISO 27001 standard. The Group works closely with regulators and authorities in connection with the relevant issues.

To the best of our knowledge, in 2023 there were no significant cyber incidents, which effectively put at risk the Group's business continuity or breached the privacy of our clients and employees.



About The Group

The Organization

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Investments





Privacy Protection

The Phoenix group attaches paramount importance to protecting the information stored in its systems and the privacy of its clients, employees, suppliers, partners, etc. Accordingly, the Company does everything in its power to protect the information, both as part of its operating activities and at times of emergency. As part of the above, the Group is subject to tight regulation, including by the Commissioner of the Capital Market, Insurance and Savings Authority, and the Privacy Protection Authority, and therefore has in place many extensive circles for complying with the provisions of the law and regulations pertaining to ensuring the privacy of its clients and employees. Among other things, the Group employs a full-time information security officer, who is in charge of preparing and implementing an annual work plan in the field of privacy and information security. This is done in collaboration with all relevant Group functions, such as the information security function, a cyber security officer, a compliance officer, the Chief Internal Auditor, etc.

Since the Group attaches great importance to this issue, in the past year it worked towards the voluntary adoption of an internal compliance plan, which includes strict steps for protecting the privacy of its clients and employees. The plan is an indication of

the steps taken in practice to mitigate the risk and the compliancerelated controls and allows for optimal collaboration between the organs engaged in privacy and information security and the business units. The adoption of the compliance plan is in line with the Group's internal interests: To protect the personal and sensitive information of its clients and employees, being transparent in all matters pertaining to information, and ensuring that clients are able to express their trust in the Group, alongside the economic advantages, winning regulators' trust and risk mitigation.

This is added to external compliance mechanisms operated by the Group, both voluntarily and as a result of the regulations and laws to which it is subject. Thus, for example, during the past year the Company conducted a comprehensive privacy survey through an external company, in order to check its compliance with all aspects of the laws applicable to it, and in order to assess the risk it is exposed to in terms of privacy protection. The results of the privacy survey, which were positive, included, among other things, the preparation of a meticulous compliance plan to ensure maximum compliance as described above. This was carried out in addition to routine monitoring and compliance



steps the Company is required to follow, such as conducting risk surveys and third-party penetration tests.

Furthermore, in order to increase its compliance with regulation in the fields of privacy and information security, and ensure the Group's commitment to this issue, it has set up a "Privacy Steering Committee" headed by its Chief Legal Counsel; the committee, whose members include senior officers, convenes every quarter to discuss and make decisions regarding important and organization-wide issues related to privacy protection in the Group. This committee is one of several forums which the Group has in place in order to deal with this issue, including a Group Cyber Steering Committee, IT meetings, etc.

In addition, during the year, the Group carried out a reform in its databases, which included the updating and validation thereof, including reducing the number of databases and assessing whether they contain any surplus information, appointing managers of relevant databases, preparing a work plan, which will assist them to duly fulfill their obligations, revising the wording of agreements, etc. The above was designed to ensure maximum protection of the organization's information, and the Group's operating transparently and subject to the client's consent.

Furthermore, the Company promotes a group synergy project, which aims to realize the digital potential of the Group, and to create data-based technological solutions, that will allow the provision of comprehensive, fast and simple services to the Group's agents and clients via digital channels. This step will enable the Group to develop new capabilities and make them accessible to clients, improve the work processes involving the client, and reduce the potential adverse effect on clients' privacy, which is often caused by human errors.

Privacy and information protection are implemented in the Group via a range of security systems, which are designed, among other things, to protect the Company's information and the privacy of its clients against attempts to hack information systems and/or attempts to disrupt information integrity, as well as through orderly work procedures and processes. Thus, for example, the Group has an extensive user access management system to verify that user access to the IT systems is given only on a "need to know basis", and subject to each employee's position; user access and the way users use the IT systems is audited frequently. In addition, the Group uses tools for supervising and monitoring the actions carried out through its systems in order to identify irregular incidents, such as information leakage and the planting of malware, protecting the information and its confidentiality, preventing unauthorized access and embezzlement, fraud, and any inappropriate use.

It is further emphasized that the Group ensures to apply its privacy and information security policy to parties with which it has dealings. For example, as part of the above, Group employees



Our Privacy policy is fully transparent to clients and suppliers

sign non-disclosure agreements and undergo training on a regular basis in connection with privacy, confidentiality and information security. In addition, the Group ensures that its suppliers sign comprehensive outsourcing agreements, as part of which they undertake to comply with the Group's strict information security and privacy rules.

As described above, with regard to its clients, The Phoenix ensures that its dealings with its clients are fully transparent, and informs them regarding the collection of data relating thereto, the objectives of the collection of such data, the ways it is used, etc. Moreover, the signing-on forms relating to the Company's products include consent clauses, which are in line with the provisions of the Privacy Protection Law, 1981 and its regulatory obligations, and so do the Company's revised Privacy Policy, which is posted on its website; the privacy policy for Company's employees, and more.

Furthermore, the Company gives its clients access to their data, which is stored on its systems, and even explains them their rights in connection with that data, as required by law. Thus, for example, the Company informs its clients as to their right to peruse the data, ask to amend, delete or transfer it, etc.

The Group's business and operating units are supported by the legal department and receive advice on an ongoing basis in the areas of privacy and data protection; they also receive legal support in connection with specific projects, when specific privacy protection issues arise, or where changes need to be made in order to comply with regulations in connection with this issue.

It is clarified that The Phoenix takes very seriously any breach of its privacy policy and/or information security, and in addition to taking precautions it also implements monitoring measures in connection with its employees and the suppliers with whom it works. Accordingly, any significant breaches in these areas will be dealt strictly and reported to the relevant authorities and to law enforcement authorities, as required under the circumstances of the case.

In the past year, the Company reported to the Privacy Protection Authority and the Capital Market Authority about concerns regarding two information security incidents; one incident was checked and closed by the Privacy Protection Authority, and in the second incidents a detailed response was provided, which satisfied the authority, and therefore it did not seek any further information in connection therewith. In addition, no significant lawsuits were filed and no significant complaints or claims were received in connection with this issue, other than one privacyrelated class action, which was filed last year against many other Israeli companies, and which is still being litigated in court.

Transparency and Fairness

We ensure that we act in a transparent, fair, honest and open manner in our dealings with our employees, agents, business partners, suppliers and all stakeholders. We are committed to presenting our products, services, and business activities in a clear, comprehensive manner and are subject to a range of regulations related to the information we share.

The Group is the leading company in Tel Aviv stocks exchange that reports in English with over 100 reports in 2023.

As a publicly traded company, we adhere to regulations related to the publication and verification of our business and financial activities and provide up-to-date information that adheres to the regulatory provisions.

In addition, we are subject to regulations for the insurance and investment sectors in Israel, including information to be included in insurance policies for new clients, general disclosures and reporting, online interfaces with clients, personal information retrieval, all information to be included in the Company's websites, and the publication of annual yields and returns of investments and funds. These rules and regulations are overseen by different independent and governmental authorities.

In February 2021, the Board of Directors approved a policy of voluntary reporting in English for the benefit of shareholders from across the world, who invest in the Company. In addition, in the reporting year, as part of the commitment of the Company to transparency and credibility when reporting its ESG performances, the current Report has been subjected to an external assurance process by an independent body for the first time. This process, whose purpose is to render credibility and reliability to the data and reporting processes, includes an assessment of the infrastructures, the controls, and the relevant data collection methods in order to put in place a credible and accurate reporting framework. The Phoenix places paramount importance on providing reliable and accurate information to stakeholders regarding the impact of its operations.

In 2020-2023, no incidents were recorded of failure to comply with regulations or voluntary codes that were adopted in connection with information and the communication to clients of information in connection with products and services.

This Report has been subjected to an external assurance process by an independent body for the first time



Introduction



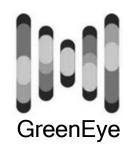


Memberships and ratings

The Phoenix is a member of a variety organizations and forums related to the insurance and finance sectors. Phoenix companies are members⁵ of various associations, including: the Israel Insurance Association, Israel Association of Investment Houses (IHAI), Israel Association of Publicly Traded Companies, and Association of Corporate Counsel (ACC) Israel, the Israel Marketing Association, and Maala - an NGO that promotes corporate and social responsibility among Israeli corporations. Membership is voluntary and the organizations work to support their respective sectors and promote development. The Israel Insurance Association, for example, represents insurance companies to relevant government authorities. The Phoenix is an active participant in the Association discussions outlining strategies in relation to reforms and legislative updates. In some instances, The Phoenix is the leading body behind new regulatory initiatives that promote changes in the various insurance segments, in response to specific issues in the field or to determine long term regulatory strategies.

In order to learn and improve transparency in its dealings with stakeholders, The Phoenix proactively started a dialogue with the ESG rating agencies. This helps to focus the work plans in relation to existing gaps. In 2023, we proactively started a dialogue for the first time with the international rating agency S&P and We proactively manage dialogues with local & international rating agencies

with Greeneye - the Israeli rating agency. Subsequent to the publication of the 2022 rating results, the rating agency S&P assigned the Company a score of 39. In addition, the Company was assigned a 74 score in the Greeneye rating, which is the highest score in its sector. At the same time, we take proactive steps to obtain a rating from "Maala". In 2023, The Phoenix was assigned a "Platinum Plus" rating in the Maala ESG Index - an improvement compared to the previous rating ("Platinum"), which is testimony to the extent Group's commitment and activities.



74/100

S&P Global Ratings

> 39/100 Our company scored 39

CSA (Score date: 09/04/24)"



^{5.} In 2023 we paid about 2.4 million NIS for associations memberships.



Our Impact - Social and Economic



As a leading Israeli finance company, The Phoenix aims to create a better future for future generations, and for that purpose it has set its sights on the broadening of its investment and involvement in the Israeli economy and society. The Phoenix's deep commitment to the Israeli economy and society is evident in normal times and even more so at times of emergency. Upon the outbreak of the Iron Swords War, The Phoenix quickly made the required preparations and continued providing full and effective response to the needs of all of its clients, and in particular the needs of those who were directly affected by the War. In order to support its employees' needs upon the outbreak of the War, The Phoenix put into action a plan, which enables remote working; this also assisted in maintaining business continuity.

The Phoenix places great importance to the values of contribution and commitment to the community, and in order to fulfill those values it sets an example and leverages its position as a leading finance company and was even recognized for this when it won The Phoenix's deep commitment to the Israeli economy and society is evident in normal times and even more so at times of emergency.

the Adif conference in the category of the Company with the highest level of community outreach in the sector in 2023.

Our activities in the fields of finance and insurance have a very significant impact on Israeli society and economy. Thus, for example, The Phoenix ensures and invests in projects and companies with positive environmental impact, and in the development of essential public infrastructures, which contribute to the improvement of social and economic conditions and enable dealing with population growth and the increase in living standards in Israel. In addition, these projects assist in dealing with climate changes, which are expected to give rise to a range of large-scale challenges (preparation and adaptation), and also support the national efforts to make the transition to low-carbon economy (the mitigation). These are significant large-scale national projects, which focus on the fields of water, energy, communication and transport. We also work together with SMEs, which constitute most businesses in Israel, in order to provide them with an envelope of solutions, including customized insurance, loans and financing, and also prefer procurement from SMEs.

The capital we invest belongs from the citizens of Israel, who rely on us to invest their money in projects and assets, which will generate the best possible returns, and will also enable tackling various national challenges and generate value. We are proud to be supporting the citizens of Israel in the most significant points in their economic and personal lives, through a range of insurance solutions, which allow clients, among other things, to take calculated risks in order to invest, develop, grow and initiate.

In addition, our business activities impact employees and suppliers directly and indirectly, and contribute to growing the GDP, and to creating high-quality jobs and economic opportunities. We create stable jobs with the potential for professional growth and career development, with over 4,700 direct employees and hundreds of contract workers, and invest significant efforts in promoting groups, which are underrepresented in the labor market. In 2023, we paid approx. 1.5 billion NIS in employee wages and benefits.

It should be clarified that The Phoenix group makes no donations to politicians or various political entities. In 2023 we received no government grants.

The Phoenix donated to communities and led a significant voluntary work effort while using its business relations as a leverage; furthermore, shortly after the outbreak of the War, the Group decided to adopt the Barzilai Medical Center, that suffered direct rocket hits and treated hundreds of wounded persons. Using its international contacts, the Group raised millions of dollars to make immediate purchases to meet immediate needs of the medical center; the Group will continue supporting and donating to the Barzilai Medical Center in the future.

In Israel's darkest hour, senior Group executives traveled to New York in order to meet investors and encourage them to support Israel during the War, to stand in solidarity with Israel and strengthen its economic power by making extensive investments in the Israeli economy.

and if those prove a success, the technology is assessed from a group-wide perspective, and moved on to the phase of broad incorporation in the relevant places across the entire Group.

Another key aspect of The Phoenix's contribution to Israel's technological ecosystem is reflected in the investment in Insurtech companies. In order to encourage a culture of innovation, and at the same time achieve a social impact, The Phoenix exposes its employees and managers to the start-ups in the different areas of activity, and also to innovative work methods, with the objective of injecting value-generating innovation to the organization's DNA, which will lead to an improvement of the work processes, and to an increase in the employees and the managers' satisfaction.

Segment, and exposing them to advanced areas in the finance sector. Concurrently, a group of 7 managers, who work the field of information technology, volunteered to support a range of early-stage start-ups as part of the 'Mentors Lab' mentoring program of HIT's Entrepreneurship and Innovation Center.





Responsible Procurement

In order to increase The Phoenix's positive impact and, among other things, to strengthen its collaboration with its suppliers, in 2022 The Phoenix group formulated a sustainable procurement policy with partners from within the organization. This was done in accordance with the Group's values and in line with its sustainability and ESG strategy.

As a rule, we support local small and medium businesses, and when possible, buy products made locally in Israel.

The responsible procurement policy is based on principles and values such as: Business integrity, fair and timely reward, environmental and social responsibility, transparency and partnership with functions within the organization, providing fair and equal opportunity to suppliers, being proactive and innovative, anti-corruption and improper actions, and providing high-quality deliverables. The Phoenix's Trade and Procurement Department works to put in place various control mechanisms, whose purpose is to ensure that the sustainable procurement policy is implemented in internal activities, in dealings with clients and with suppliers and external partners. The guidelines that were defined include the following:

→ The Phoenix considers suppliers and those who provide services to the Company's clients as partners in our activities and journey to success; it is therefore important for us to be attentive to what they say and do everything in our power to support them and make things easier for them where this is needed.

During the Iron Swords War, we brought forward payments and even paid in advance for services provided by small and medium suppliers from the Gaza Envelope settlements and from settlements near the northern border. At the same time, we held - at the Company's offices - fairs for the sale of agricultural produce and other products, in order to assist those businesses to survive the difficult period.

- → The Phoenix is committed to transparency, fairness and business integrity in its dealings with its suppliers and expects them to conduct themselves in a similar manner and in accordance with the Group's Code of Ethics.
- → All engagements with suppliers shall be entered into based on practical, professional and commercial considerations without any bias.
- → Engagements and dialogue with suppliers will be conducted in accordance with the Group's procurement policy, considering, among other things, the suppliers' social and environmental responsibility.
- → In order to give the Group's clients, the best and most professional service from service providers, The Phoenix works tirelessly to improve the quality and efficiency of the **service** by listening to its clients, drawing lessons, implementing technologies and improving the way it conducts itself.

After formulating the responsible procurement policy last year, in 2023 The Phoenix group initiated a number of significant steps to promote the sustainable procurement policy in the Company. Firstly, a comprehensive training session on sustainable procurement was delivered, following which employees were provided with guidance and principles for working with suppliers and assessing new suppliers. Furthermore, The Phoenix launched a pilot of a supplier's sustainability questionnaire, which was sent to approx. 180 suppliers, in order to increase awareness and knowledge of sustainability aspects also among its suppliers.

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Furthermore, The Phoenix started incorporating key components of the sustainable procurement policy into its agreements with suppliers, through clauses that require suppliers to conduct themselves in accordance with the principles, which were set, including compliance with the Company's Code of Ethics. Concurrently, a control tool was implemented for monitoring compliance with payment dates for approx. 32% of service providers of the claims function. The financial scope of the payments accounts for 39% of the total financial scope of the claims function in that year.

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These processes illustrate The Phoenix's increasing involvement in the promotion of sustainable procurement in its supply chain. For more information see: Responsible Procurement Policy.



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Responsible Marketing

Responsible marketing means taking responsibility for the messages we promote and the methods we employ to promote them. We believe that as part of managing our relationship with our clients, when we employ responsible marketing we start a trust-based dialogue that serves as the basis for a long-term relationship.

We are members of the Israel Marketing Association and are subject to the Responsibility and Fairness in Advertising Convention, as worded by the association, which requires members to abide by rules of conduct in advertising; those rules are monitored by the association's ethics committee. Our marketing approach is based on four pillars: Responsibility, care, transparency and fairness. We are committed not to market, publish or display products in a manner that may be perceived harmful or as excluding various segments of the population. We will not use generalizing, exploitative, misleading, demeaning or offensive statements. In all of our dealings with the media, we will display as wide as and as balanced a social diversity as possible and will give equal opportunity to benefit from our advertising, in line with educational value. We will refrain from using photos, descriptions or images that might hurt the feeling of any segment of the population. We will avoid disrupting public order, damaging the environment and breaching the law, and will conduct ourselves responsibly in our dealings with the public. We undertake to make any of our marketing messages or promise transparent, clear, precise, and fair.

We reached over 10 million views in our TikTok channel aimed to make financial information accessible and expose the Group's activity to younger audiences.

During 2023, we broadened the Group's marketing strategy for the promotion of savings products by positioning Group employees as presenters in our campaigns, which explain the advantages of the product. Concurrently, we developed a marketing channel in the social media platform TikTok through young influencers. The channel had approx. 10 million views, aimed to make financial information accessible and expose the Group's activity to younger audiences.









Tax policies

As a leading company in the finance sector in Israel, The Phoenix adheres to all tax requirements and regulations. We are committed to conducting our business in compliance with the spirit and letter of the tax laws in all jurisdictions in which we operate. Our tax practices are guided by ethical considerations and a commitment to contribute our fair share of taxes in the jurisdictions in which we operate. We consider tax avoidance unethical and unlawful, as it undermines tax law and public policy. That is why we strictly prohibit tax avoidance practices within our company, and we will not engage in tax planning or artificial arrangements solely for the purpose of reducing our tax liability. We commit not to engage in any activities that exploit tax havens solely for the purpose of evading taxes or engaging in unethical tax practices. We adhere to the arm's length principle in all our commercial and financial transactions with related parties. This principle helps us maintain transparency and fairness in our tax practices, preventing any manipulation of prices or transfer of profits to reduce our tax liability.

The tax department manages all tax areas for the Group, including ongoing activities with internal departments and the Israel Tax Authority. The department's team analyzes any reorganizational processes, ensuring they align with good business practices for

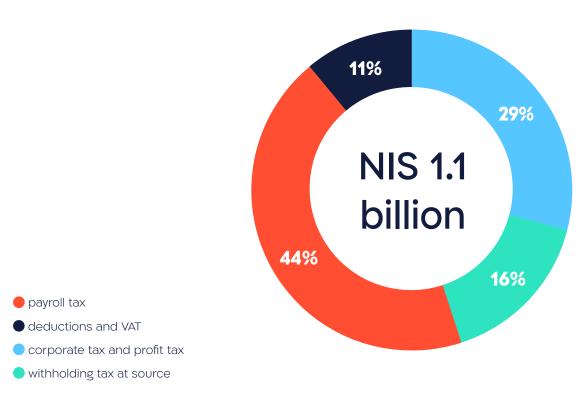
We engage in ongoing monitoring and analysis of the tax laws to ensure that our tax practices align with the specific requirements and obligations outlined in the laws. We maintain open and transparent communication with tax authorities and promptly address any changes or updates to the tax laws that may impact our operations.

The Phoenix conducts annual assessments and audits for the Israel Tax Authority, prepared by The Phoenix tax team. A third party audits the Group's tax statements, and so far, all Group companies have successfully passed the audits of the Israel Tax Authority without exception.

Our board of directors, specially the CFO and Tax Director, actively manage the corporate tax governance and ensures compliance with tax laws and regulations. The tax policy is approved or signed by the respective board representative(s), clearly stating their involvement in the creation of the tax policy. The board takes responsibility for overseeing our tax practices and ensuring that they align with our commitment to transparency, compliance, and ethical behavior. By incorporating and implementing these principles and guidelines into our tax policy, we reinforce and demonstrate our commitment to responsible tax practices, compliance with transparency, and compliance with all applicable

tax laws and regulations and ethical behavior. We strive to maintain a positive relationship with tax authorities and contribute to the societies in which we operate through the payment of our fair share of taxes.

In 2023, the Group paid more than NIS 1.1 billion to the Israel Tax Authority, including in corporate income tax, employers' tax, payroll tax, National Insurance contributions, deductions and VAT.





Social-Community Engagement

The Phoenix attaches great importance to contribution and commitment to the community and has acted over the years to implement these principles in a range of ways - collaborations with NGOs and social organizations, donations to hundreds of entities and many hours of voluntary work by our employees. The wish to give back to our communities is the common thread that runs throughout our organization. Employees and managers work shoulder to shoulder in a range of voluntary activities, and feel satisfied and proud to be able to assist those who need support.

As a leading group, which constitutes an integral part of the fabric of Israeli society, The Phoenix joined the civil effort in countless ways from the first day of the War. All of the Group's arms contributed through significant voluntary work, financial donations and harnessing business relationships with entities and persons from across the world.

In October 2023, several days after the outbreak of the Iron Swords War, The Phoenix has set up a special fund for clients at the total amount of millions of shekels, to pay for damages and events, which are not covered; the fund is dedicated to Company clients from the Gaza Envelope and settlements near the northern border, and it awarded expedients and benefits in the insurance subsegments. In order to provide a fast and personal response to all Company clients who were adversely affected by the War, The Phoenix has set up an emergency call center, which will help clients and agents, who maintain regular contact with their clients. The call center was manned by senior and experienced reps, and provided personal, sensitive and fast service.

Furthermore, The Phoenix donates and coordinates donations amounting to millions of NIS for the Gaza Envelope settlements and evacuees, the IDF, Magen David Adom, Zaka, etc. Among other things, we supported the financing of flying-in essential equipment for the IDF from the USA and made many donations to a broad selection of IDF units. Furthermore, we increased the support to the "Oz" 77 Regiment of the 7th Division of the Armored Corps, which we have been adopting for the past 15 years as part of the "Adopt a Warrior" NGO. In this case too, the increased support to the regiment was not focused only on financial donations: Throughout the War, we sent gift parcels to families and spouses of reservists, and visited the wounded and bereaved families, while increasing the scope of financial support to families of those who serve as reservists by providing employment in The Phoenix to soldiers.

Acting for the health of the citizens of the country and its defenders

As part of its activity for the residents of the south, The Phoenix group decided to adopt the Barzilai Medical Center in Ashkelon, which has treated hundreds of wounded persons since the start of the War and needs any possible assistance. In view of its importance as a medical center located at the frontline, and The Phoenix's wish to support the Barzilai Medical Center's essential activity, The Phoenix's support is reflected at a number of levels. This includes organizing millions of dollars in donations, including a direct donation of one million dollars by The Phoenix group, and raising approx. USD 6 million in donations from international funds and entities, which have business relations with the Group.



Community outreach strategy

In 2021, following an in-depth and comprehensive assessment of our community outreach policy, we declared a new strategy that reflects The Phoenix's position as a leading company in Israel that enhances its connection to the community. We focus on achieving national resilience by reinforcing and supporting the health and education systems and security forces.

0.5% of net profit and not less than 5 million NIS is contributed to enhance our community involvement each year.

We are committed to donate a fixed rate of half a percent of net profit and no less than five million shekels. In 2023, The Phoenix doubled its financial donations compared to 2022 (a 107% increase), and donated NIS 12 million to the Israeli society through direct financial donations, donations in the form and services, and through the voluntary work of approx. 1,000 of the Group's employees, who invested more than 4,600 volunteer hours in the past year, and through direct donations in the form of a matching mechanism, which the Company offers to employees during the year.

Alongside the deep involvement of The Phoenix and its employees in assistance and support initiatives, which were set up due to the War, we continued promoting our community outreach strategy in order to continue the creation of a positive impact NIS 12 million donations to the Israeli society voluntary work of approx. 1,000 of the Group's employees, with more than 4,600 volunteer hours

as part of long-term processes. Today, more than ever, the need for support is big, which is why The Phoenix increased its activity and involvement in the community.

We encourage and promote a culture of giving across the Group, and regularly communicate donations and volunteer opportunities for employees, with an emphasis on skills-based activities. On order to reinforce our employees' engagement and increase our

impact, in 2022 we added a category to our high-performing employees selection process; this new category recognizes and celebrates employees who were significantly involved in voluntary work; awards under this category will also be given to employees for 2023. To better measure current and future impact, we are adjusting the internal system for reporting volunteering hours and use additional tools and channels for relationship management and collaboration with community organizations.











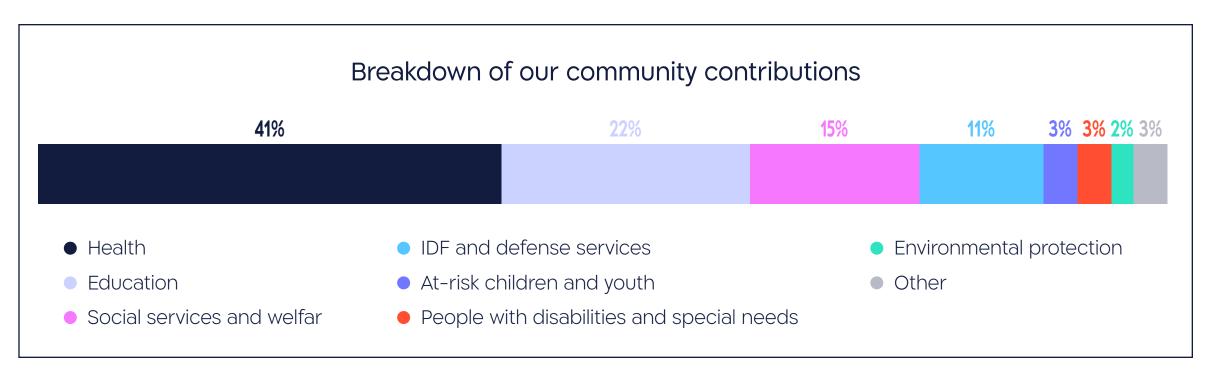
To make the vision a reality, we challenge social ventures with a significant potential and a strong management, which - through proactive involvement of The Phoenix - may have a significant influence and impact in Israel. In terms of the education of future generations, we work to improve the starting point of children and youth in the geographic periphery, with an emphasis on providing technological skills required for their future, including for a meaningful service in the IDF, and equipping them with technological skills for their civilian lives. For that purpose, we adopted a number of NGOs and ventures that operate in this field - the "Nitzanim" program, "Follow Me!" and the "8200 Alumni",

"Ir B'Maof", "Lend a Hand to a Special Child", "Technoda". In addition, in order to contribute to the security of the state of Israel, both in normal times and at times of emergency, we have been adopting the Yahalom Regiment and Regiment 77, as part of the "Adopt a Warrior" NGO for many years. In the field of healthcare, we support Stop Cancer, adopt the Barzilai Medical Center, Yedidim Le'Refuah and the Sheba Medical Center.

Activities include mentoring and internship programs, employee volunteering, assistance in networking and exposure to additional opportunities and donations. We believe in long-distance running,

which is why we undertook to support a number of selected NGOs for at least three years.

Decisions regarding the donation amounts and the organizations that will receive the donations are made by an internal donations committee, whose members are Company employees of various ranks. Only registered nonprofit organizations are eligible for donations.





The 8200 Phoenix Elite Club

Introduction

This is a joint venture of two NGOs - Follow Me! and "8200 Alumni" - that is designed to promote equal opportunity and expand the choices available to youth from Israel's social and geographical periphery. The venture aims to develop social awareness and responsibility alongside a sense of competence and success; it is also designed to develop entrepreneurial thinking, equip the youth with technological tools and skills, and motivate and assist them to prepare for a meaningful service in the IDF, with emphasis to technology-savvy roles.

As from 2021, The Phoenix is a partner in a venture for a joint program for excellence - The 8200 Phoenix Elite Club - which aims to equip participants with practical technological knowledge and entrepreneurial experience without having to undergo a selection process. The program has been running for the third year; so far, it affected approx. 350 youngsters. The program will be considered a success if 75% of those who complete it will serve in technological roles in the IDF, and specifically in the 8200 unit. In addition to the Group's participation in the funding of the program, each year, we increase the number of senior managers from the Group's IT Department who voluntarily mentor the program's participants in the lead-up to a Hackathon, and also serve as judges in this event. This year, in addition to supporting the Hackathon, approx. 35 youngsters from across the country, who were selected for the NGO's program, participated in a two-day course in The Phoenix, in order to learn about data and data management before they start the program. As part

of this course, participants got the opportunity to learn about the data and data management worlds, meet the Company's CDO, familiarize themselves with the work environment through a visit in the digital transformation and data compound, and concluded with a fascinating lecture about analysis and data in the digital world. We are proud to continue supporting this venture in 2024 too.

Nitzanim

This program, which was set up by the "Netivei Udi" NGO and is run in collaboration with the IDF's Computer Service Directorate and technological units in the IDF, government ministries and industry, strives to integrate youth from Israel's geographic and social periphery in the Israeli high-tech industry. The program creates an effective training continuity from middle school through to advanced training (21 and over). In the past year, we reached the Druze community for the first time, and visited Isfiya as part of the opening of a new class at a ceremony in which we also handed down computers to children. Currently, approx. 1,900 youth from tens of settlements in the Negev and the Galilee take part in the program, and in the next few years the number of participants is expected to increase to 4,400. In 2023, 85% of those who completed the program served in key tracks in the IDF's advanced technology units. Concurrently, 78% of those who completed the further studies program for women - Women Tech - served in the most advanced roles in the IDF's Computer Professions Cluster. The Nitzanim program aims to make computer sciences more accessible for youth

and integrate approx. 80% of those who completed it in the Israeli high-tech industry. The program, which won the IDF Chief of Staff's award in 2022, is triggering a real revolution in technological education and training across the Galilee and the Negev. The Phoenix is one of the key entities that support the program.

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Ir B'Maof

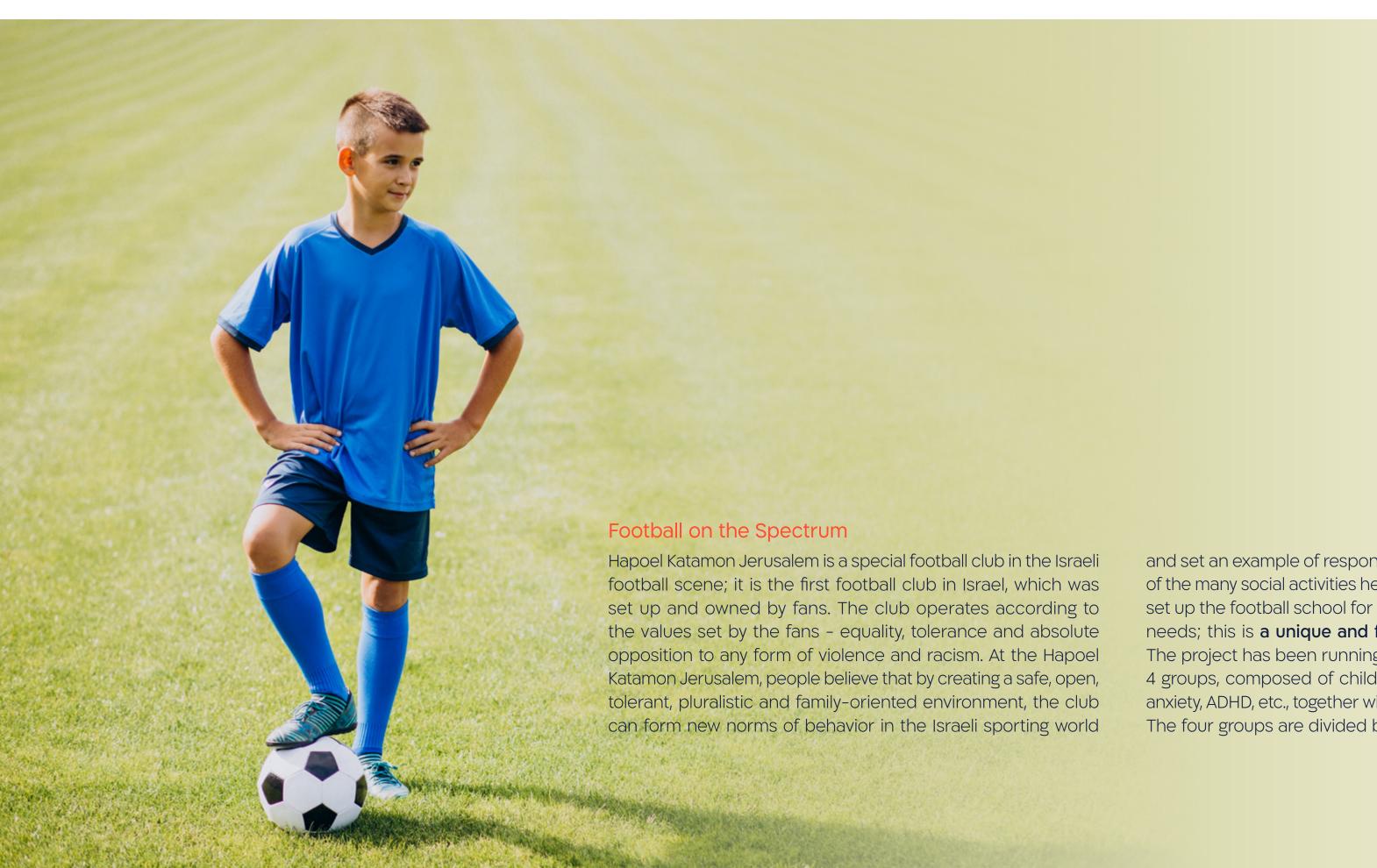
The Maglan Friends NGO was established in 2006 by persons who served in the unit; it works for the benefit of the Israeli society through broad social activities, while promoting the unit's values, maintaining close relationships with the families of the fallen and those who were injured, and integrating participants in the Israeli society. The Phoenix is an anchor partnership that supports the Ir B'Maof program, a social outreach project in Kiryat Malakhi, which aims to improve the social mobility of youth, by encouraging them to serve a meaningful service in the IDF. This is a three-year program, that includes long-term support; in 2023 approx. 370 pupils participated from 2 high schools in Kiryat Malakhi. The program supports all of the school's pupils from year ten until they join the IDF and during their service in the military; it aims to create trust, to equip youngsters with a sense of competence, and a range of life skills and tools, empowerment, inspiration and motivation. The program integrates students, who receive a comprehensive training and serve as guides in the program at a scope of approx. 500 hours per year, for which they receive a scholarship to finance their studies. The Phoenix proactively supports the program, not only by providing financial support, but also through employees and managers taking part in the training, in climax days and in equipping participants with tools and skills from various areas of the profession. In 2022, approx. 15 pupils, and in 2023 approx. 5 pupils, who excelled in the program, upgraded the role they were assigned to in the IDF. Concurrently, the percentage of those who showed up on the day of their first appointment as an IDF recruits increased by 8% on average compared to no-show percentage, which declined at a similar rate in 2021-2023. The Phoenix continues supporting the program in 2024 too.

Special in Uniform

The Special in Uniform program aims to integrate youth with disabilities in the IDF, as a key to success in life. The program affects wide circles of people, starting with the participating youngsters, their families, the soldiers of the unit in which they volunteer and serve, and the entire Israeli society, which welcomes them. About two years ago, we set "The Phoenix Unit" at the Israeli Air Force base in Palmachim. The unit comprises 8 soldiers, who were assigned to various roles in the base, first as volunteers, and thereafter, if possible, they join the IDF. The Phoenix's adopting the unit has become all the more important in this period, since October 7th, with the soldiers of Special in Uniform serving at the Palmachim base being positioned at the forefront of the unit assisting the Airforce's aircrafts and helicopters, and even unmanned aerial vehicles in their important mission to save and protect Israeli citizens.







and set an example of responsibility for the community. As part of the many social activities held by the club, in October 2021 we set up the football school for children with and without special needs; this is a unique and first-of-its-kind project in Israel. The project has been running for three full years; it comprises 4 groups, composed of children with special needs – autism, anxiety, ADHD, etc., together with children without special needs. The four groups are divided by age and functioning levels; the

youngest participant is 4 years old and the oldest is 16.5 years old. Our academy is open to everyone, and its slogan is "football for everyone". Thanks to the collaboration with The Phoenix, the project is subsidized, such that no child is precluded from participating in the activities. The project was given accolades, and in 2022 it was selected in the Shield of Honor competition on behalf of the President of Israel as a groundbreaking project in the Israeli society.

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Supporting art

The Phoenix group has a rich and diverse collection of Israeli art from different periods. The collection is highly regarded in the domestic art scene. The collection, pieces of which were previously exhibited in leading museums, is currently considered as one of the most comprehensive and best of its kind in Israel and across the world; it is even considered the largest and most important collection of Israeli art outside of museum collections. Over 200 pieces of art by many of the most important artists in the history of Israeli art, which belong to the collection, are displayed to the public in a comprehensive exhibition named "In the Land of My Love" at the Ramat Gan Museum of Israeli Art.

The Phoenix group rich and diverse collection of Israeli art is considered as one of the most comprehensive and best of its kind in Israel and across the world.

Courtesy of The Phoenix and the museum, entry to the exhibition was free of charge during the New Year's Holidays, in order to allow as many people as possible to view the impressive collection. Thus, from September 2023 to December 2023 more than 50 thousand visitors attended the "In the Land of My Love" exhibition. The exhibition, which displays masterpieces by Israel's greatest artists, provides a rare glimpse into The Phoenix group's impressive collection, which is considered one of most important in Israel. The exhibition, which was opened to mark 75 years since the foundation of The Phoenix group, has taken place as part of the Company's community outreach activity, and opened

More than 50 thousand visitors attended the "In the Land of My Love" exhibition

this spectacular collection to the public. Across the museum's three floors, the exhibition displayed three perspectives on local identity as reflected in masterpieces created from the early 20th century to the early 21st century. The huge success of the exhibition emphasizes the importance of making high-quality Israeli art accessible to the general public. Furthermore, selected pieces of art from the collection were displayed in Christies, New York, and income from ticket sales and from the sale of a number of pieces will be donated to young artists.

As part of its wish to contribute to the Israeli art scene and develop it, The Phoenix also incorporated the concept of art in "The Phoenix Art" building in Bnei Brak. The building was constructed while combining the concept of art with functionality and includes office and commercial spaces; works of art from The Phoenix collection will be displayed in the building.

Furthermore, in 2023 The Phoenix's supported the "Fresh Paint" fair - the largest arts event in Israel. As part of the fair, the public is exposed to the local artist community, and young artists are given the opportunity to exhibit their artwork alongside galleries and leading artists. The fair also showcases community projects, designed to engage the public with contemporary issues through art. During the fair, an exhibition of art works of participants of the independent artists incubator was displayed in "The Phoenix Art" building.





Our Impact on the Environment

The global warming crisis requires drastic actions. The Phoenix group is committed to minimizing the impact of its actions on the climate and the environment, on animals, plants and natural resources. For that purpose, we work tirelessly - beyond what is required by law - to mitigate the risks arising from our activities, and to preserve the environment for future generations. However, this is not enough: The Phoenix is committed to invest in innovative solutions that will assist the transition to low-carbon economy, including renewable energy, recycling, water and more.

The Phoenix's environmental impact is managed in three tiers:

The organization - we are committed to increasing energy efficiency; reducing the waste we generate as part of our operating activities and increasing recycling of waste. The Group's environmental policy pertains to The Phoenix's commitment to invest the necessary resources to preventing environmental pollution and the wasting of natural resources, and its readiness to invest in innovative solutions for preserving the environment. The Environmental Policy paper includes information regarding managing the Group's environmental impact related to energy consumption, carbon emissions, and waste treatment, as well as a commitment to work to raise awareness of climate and environmental issues among employees, clients, and the larger community.

For more information, see the Phoenix Environmental Policy.

The second management tier pertains to the services and **products** we provide. We work to develop sustainable products and services while integrating ESG risk assessments into the underwriting process of large companies with essential activities, with an emphasis on energy companies, and companies that will be materially affected by climate change, and at the same time companies that are highly exposed to the risks stemming from the transition to low-carbon economy. This is done both in order to mitigate risks as part of risk management, and to support the adaptation process of the clients we insure. For more information, see below in this report, in the Products and Services Chapter.

The third tier of investments reflects our main environmental impact from Scope 3 emissions, through the emissions caused by the activity of companies included in The Phoenix Insurance Company's (nostro) investment portfolio and client's portfolios. In 2023, The Phoenix conducted for the first time a comprehensive calculation of the carbon footprint⁶ of the asset's portfolio under its management in 2022. This calculation is a significant means of weighing ESG and climate risks into The Phoenix's investments and will support the maximization of value to its clients. For more information about the calculation of the carbon footprint, and regarding environmentally responsible approaches to investing, see the Investments Chapter.

Managing Environmental Impacts

The organ in charge of the management of The Phoenix's environmental impact is the Group's Sustainability and ESG Department. As with any business activity, we treat the issue of measuring and improving environmental performance as a top priority. The department collects information and data with the support of other Group's departments, and assesses on a quarterly basis trends, compliance and achievement of the targets which The Phoenix set for managing its environmental impact.

6. Carbon footprint is a quantitative measure reflecting the total greenhouse gas emissions as a result of human activity.



The Organization

Products & Services

Investments





GHG Emissions

Greenhouse gases (GHG) emissions and other pollutants that cause global warming have a direct impact on our activities. Thus, for example, in the insurance domain - climate change brings with it natural disasters and extreme weather events that prevent our clients from conducting their operations in a continuous, proper way. We are committed to raise awareness to global warming and mitigate the risk arising therefrom, which affects our clients, and compensate them for damages. Therefore, as the risk of climate change rises, so too does its impact on our business activities.

Currently, The Phoenix monitors and calculates its greenhouse gas emissions in Scope 1 - direct emissions of greenhouse gases from consumption of fuels for traveling purposes and refrigerant gas, and Scope 2 - indirect emissions as a result of energy consumption. So far, we monitored and managed the Scope 3 emissions for employees' flights and travel, and this year we added to the calculation - for the first time - the emissions from the Company's assets portfolio (in accordance with the international PCAF methodology), and we intend to continue the monitoring of Scope 3 in the following reports.

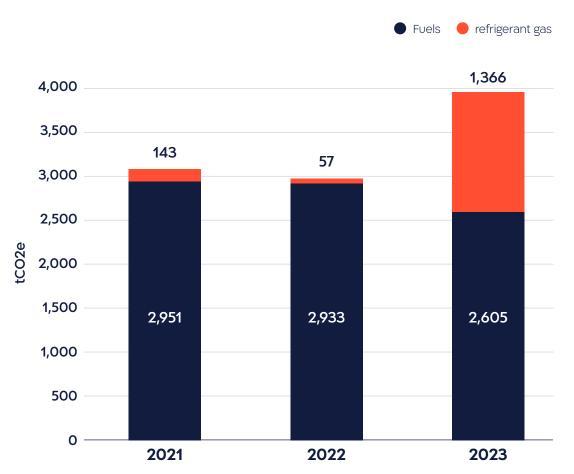
During 2023, we reduced the use of diesel fuel by Group companies and switched to less polluting alternatives. Furthermore, we replaced half of the old chillers in the main office building with new and efficient ones. As a result of this switch, a 33% increase in the Group's Scope 1 greenhouse gas emissions was recorded. In Scope 2 there was a 4% decrease as a result of an increase in energy efficiency and reduction in electricity consumption.

In 2019-2023 there was a 10% decrease in carbon footprint for Scopes 1+2, In 2023, the intensity of our greenhouse gas emissions (emissions per employee) stood at 2.00 TCO2e.



TCO2e	2019	2020	2021	2022	2023
Scope 1	4,472	3,013	3,095	2,990	3,971
Scope 2	5,523	5,256	5,267	5,126	4,902
Scope 3	181	19	36	831	550
Total	10,176	8,288	8,398	8,948	9,423
Emissions intensity per employee	2.35	1.88	1.80	1.85	2.00

Carbon footprint by Scope 1 breakdown (tCO2e)



Carbon footprint - 2019-2023



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The Good Energy Initiative: Carbon Offsetting

The Phoenix purchased carbon credit from the "Good Energy Initiative" - a social-environmental NGO, which develops unique and innovative projects for implementing environmental technologies and applications, with the aim of benefiting society. The projects, many of which are based on the global voluntary mechanism for offsetting greenhouse gas emissions combine practical ecology with education and advocacy. They are initiated and managed by educational institutions, in municipal and rural communities from Israel's geographic and social periphery, NGOs, plants and businesses.

The Phoenix purchased carbon credit in order to offset approx. 700 TCO2e from flights abroad of Company's employees, emitted as part of the Company's holidays scheme. The funds were used in a number of projects, and in some cases, employees volunteered in addition to the funds. The main projects supported by The Phoenix in 2022-2023:

- → The climate forest more than 470 trees were planted in Israel, some of which were planted by The Phoenix employees, who volunteered for the task.
- → **Shirat Ha'asavim** a venture for the encouragement of transition to agricultural redevelopment using the conservation tillage method⁷ through a mechanism of financial support for farmers

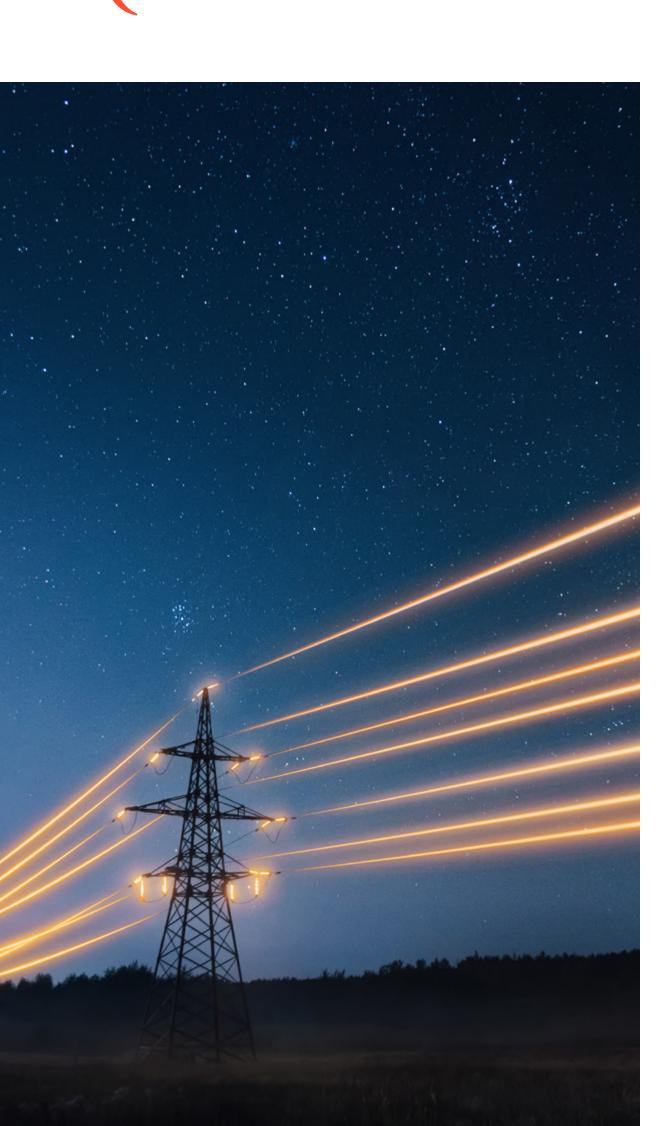
and the soil they cultivate. An agreement was reached with the "Yavne Group" for the incorporation of components of regenerative agriculture in cotton and corn farming.

- Total cultivated area without plowing of the soil: 40 hectares (10 hectares of cotton, 30hectares of corn - sequestration of approx. 600 tons of CO2).
- Total cultivated area with minimum plowing: 100 hectares of cotton (sequestration of approx. 2000 tons of CO2)
- Total carbon offsetting is expected at the end of 5 years of cultivation: 2800 tons CO2eq
- → The Haram Waste Project participated by 880 classes in 47 Bedouin schools in the south of Israel, for separating food leftovers. This project makes the transportation and landfill of approx. 2.5 tons of organic waste per day redundant (the waste collected by the pupil on duty is used to feed animals).
- → **Sunstroke** supporting tenants committees of condominiums in removing barriers and promoting the installation of solar power systems. An agreement was signed for the installation of a number of systems with total capacity of 110 KW on rooftops of condominiums in Be'er Sheva, Karkur, Kfar Saba and Ashdod.



^{7.} Conservation tillage is a method for preparing the soil for seeding and cultivation by the farmer. The guiding principle is the conservation of the soil, while reducing the number of cultivations to the required minimum. Conservation tillage has three key benefits: Maintaining soil stability, preventing runoff and significantly reducing soil degradation. In addition, prevention of runoff and conservation of the soil prevents re-emission of carbon dioxide into the atmosphere.

Products & Services



Introduction

Energy management

Fuel Reduction Initiatives

To reduce fuel consumption by the Group, it offers hybrid and electric vehicles to eligible employees as default. As of the end of 2023, those vehicles constitute 69% of our corporate fleet. Charging stations for electric vehicles were installed in the parking lot of The Phoenix's building.

A 40% decrease in the organization's fuel consumption between 2019-2023

69% of green fleet

Bus service (shuttles) to encourage the use of public transport

The Phoenix encourages the use of public transport for traveling to and from work, and for that purpose, it operates a bus service - free of charge - to those of its employees who travel by train; the buses run from the Azrieli Train Station to The Phoenix building (every half an hour in the morning and at the end of the working day). On average, approx. 5 employees travel in each such bus service. In 2023, we operated more than 460 buses as part of this service.

8. Excluding employees of The Phoenix Investment House, and the agencies

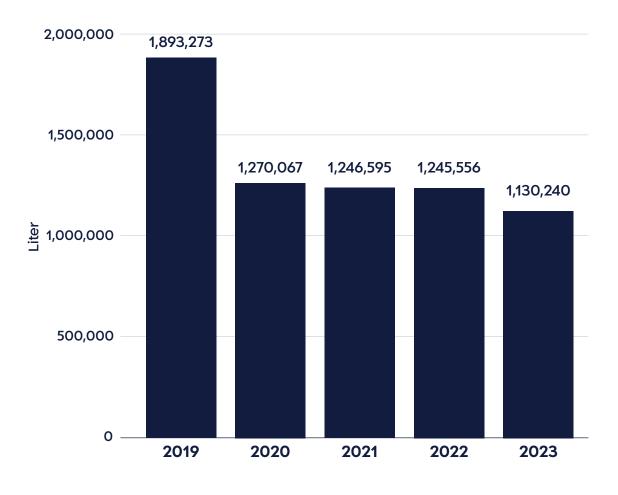
More than 60% of our employees arrive at the office using green transportation

At the same time, the Company encourages transition to sustainable transport by building a secured parking lot for bikes and scooters, which is protected by a fence, organizing activities with employees who are influencers on the Group's Facebook page, at the international day without cars designed to encourage employees to travel to the office via sustainable transport, and by taking care to transportation for Company events and voluntary activities.

Furthermore, during 2023 we mapped the ways by which employees8 travel to work and found that more than 60% of the employees arrive at the office using green transportation (bikes/shuttles from the train station / public transport / by foot).

A 40% decrease in our fuel consumption between 2019-2023

Total Group Fuel Consumption





Electricity Consumption

Most of our electricity consumption is related to our daily operations in office buildings. We work regularly to reduce the consumption by, among other things, installing automatic shutoff systems for lighting and air conditioning, motion sensors for lighting, and replacing lighting fixtures with energy efficient light bulbs. We measure and track our consumption on a monthly basis, and data and reduction targets are analyzed quarterly. We invest a lot in identifying and promoting initiatives for energy efficiency in existing facilities, and we are planning new facilities for maximum energy efficiency. In 2023, we conducted a comprehensive survey, whose objective is to assist us to increase energy efficiency and reduce our energy consumption.

The replacement of the old air-conditioning system with a new and more efficient system led to significant savings in the consumption of electricity and to a reduction in refrigerant gas leaks.

The Phoenix continues to implement steps and practices for the promotion of sustainability and mitigation of the environmental damage caused by its activity; as part of this, it replaced about half of the chillers (air-conditioning systems) in its head office in August 2023. According to collected data, during the six months period from September 2023 to February 2024, there was a 414,680 kWh decline in electricity consumption compared to the corresponding period in the previous year. This significant energy saving indicates the increased efficiency of the new system.

Lower electricity consumption reduces the need to generate electricity from fossil fuels, which leads to a reduction in greenhouse gas emissions, which contribute to global warming. Replacing the old air-conditioning system with a more efficient one allows not only financial savings, but also contributes to environmental protection and to the mitigation of the adverse effects of climate change.

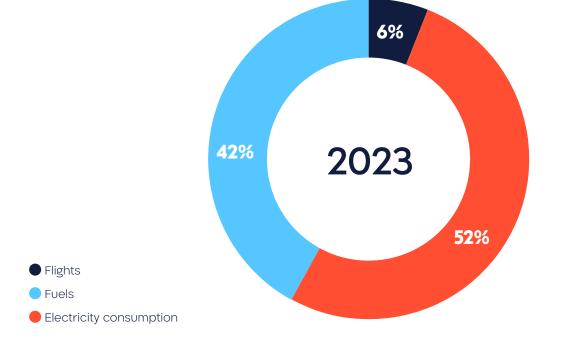
A 33% decrease in energy consumption per employee (in GJs) in the organization between 2019-2023

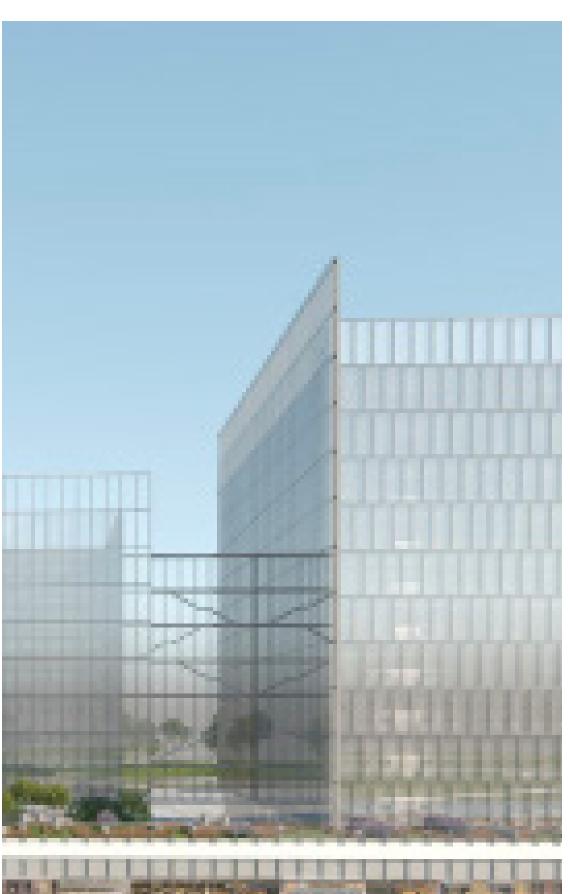
	2019	2020	2021	2022	2023
Electricity consumption (MWh)	10,237	9,743	9,772	10,930	10,452
Energy consumption (GJ)	102,695	79,369	76,742	80,751	75,163
Energy consumption per employee (in GJs)	23.73	17.96	16.44	16.70	15.78

^{*} The Scope 2 emissions data in 2022 was revised this year following an improvement we carried out in respect of some of our electricity consumption data for 2022.

When the old chillers were replaced, the refrigerant gases were pumped from the old air-conditioning systems by an external company, which specializes in this field, in order to prevent them from leaking to the atmosphere, since these refrigerant gases have a substantial contribution to the depletion of ozone layer and to global warming. Furthermore, the refrigerant gases in the new chillers have a lower global warming potential (GWP) than the old refrigerant gases, i.e., their impact on global warming is lower.

Furthermore, by nature, the new systems have a lower rate of refrigerant gases leaks, which reduces the adverse effect on the environment even further.







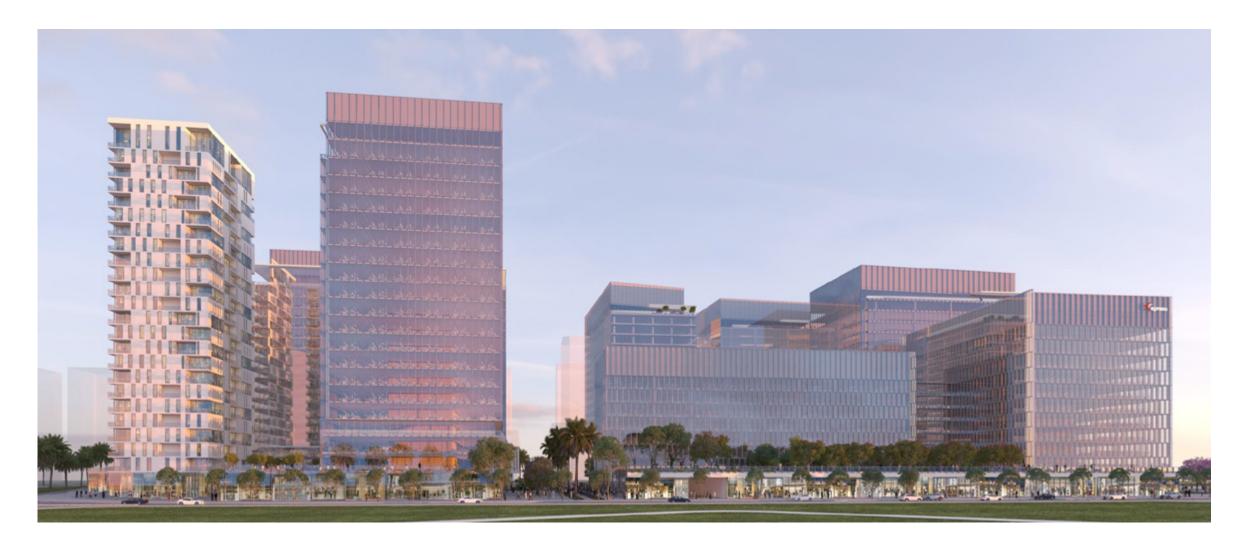
Building for the Future

In 2021, we broke ground for our new office campus in Rishon LeZion. The Campus - 50 thousand sq.m of built office areas in two linked buildings - is expected to be opened in 2025; the campus will be an important component of The Phoenix's strategy of generating value by utilizing synergy and supporting the business activities from a single site. The campus is designed to provide employees with a unique work experience, with spacious common areas, an innovative and technologically advanced workspace and green spaces. The new compound will allow the Group to maintain its dynamic nature and adaptability, while emphasizing the importance of our employees and adjusting the work environment to their needs.

The Phoenix Campus in Rishon LeZion will be environmentally friendly and achieve 14% energy savings compared to the base ASHRAI 90.1 standard. Environmental features include advanced cooling and heating systems, reduced outdoor and indoor water usage, environmentally friendly building materials, indoor environmental controls, high accessibility of public transport due to proximity to the train station at present, and in the future - proximity to several stops of the planned light train, bicycle parking, and electric vehicle charging stations.

The Phoenix Campus in Rishon LeZion will be environmentally friendly and achieve 14% energy savings compared to the base ASHRAI 90.1 standard

The campus will be submitted to achieve LEED (Leadership in Energy and Environmental Design) "silver" certification, and it may even achieve a "gold" certification. The LEED certification is the most common method to rate green, healthy and energy saving buildings, and is well known across the world as a standard of achievement and leadership in the field of sustainability.





Picture of the building during construction phases as of the end of 2023.



Waste Management

As part of our operating activities, our main waste impacts are related to paper. One should bear in mind that our activities are subject to strict regulation, which requires compliance with documentation requirements between internal departments, suppliers, business partners, and clients. In addition, our operations generate electronic waste, batteries, and packaging waste, though on a smaller scale.

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1 Ton reduction in paper consumption in 2023

We work to reduce the Group's internal-use of paper consumption by digitizing processes, increasing employees and suppliers' awareness to cost reduction and mitigation of environmental damage. During the year, we switched approx. 20 suppliers to digital and email invoices in order to promote timely payment of their invoices; we encouraged suppliers to transition to paperless work and digitization and worked to increase their awareness of environmental protection.

21 Tons of e-waste recycled

In 2023, we reduced the scope of the Group's paper consumption by 2%, which constitute approx. one ton of paper. Concurrently, approx. 60% of the paper was recycled.

We recycle waste in accordance with the regulations, and work to increase awareness of recycling of all types of waste among employees, and for that purpose we contracted third party suppliers for the disposal of e-waste and batteries, and removal of paper and packaging waste for recycling. Thus, for example, this year approx. 21 tons of e-waste were recycled. The suppliers furnish us with reports for monitoring waste disposal and recycling in addition to the recycling certificates, as required by law. Since The Phoenix's offices are based in commercial buildings, which have other tenants, currently we are unable to measure and monitor the amounts of landfilled waste.



Waste reduction and recycling initiatives:

Orange is the New Green

At the end of 2021 we implemented a pilot for placing orange bins in The Phoenix building. These bins, whose aim is the collection of plastic packaging, beverage cartons and metal boxes for recycling, were placed on three floors of the building. Next to the bins we placed signs that provide information on the desired way of separating different types of waste.

this contractor was selected, among other things, in view of the fact that it employs people with disabilities.

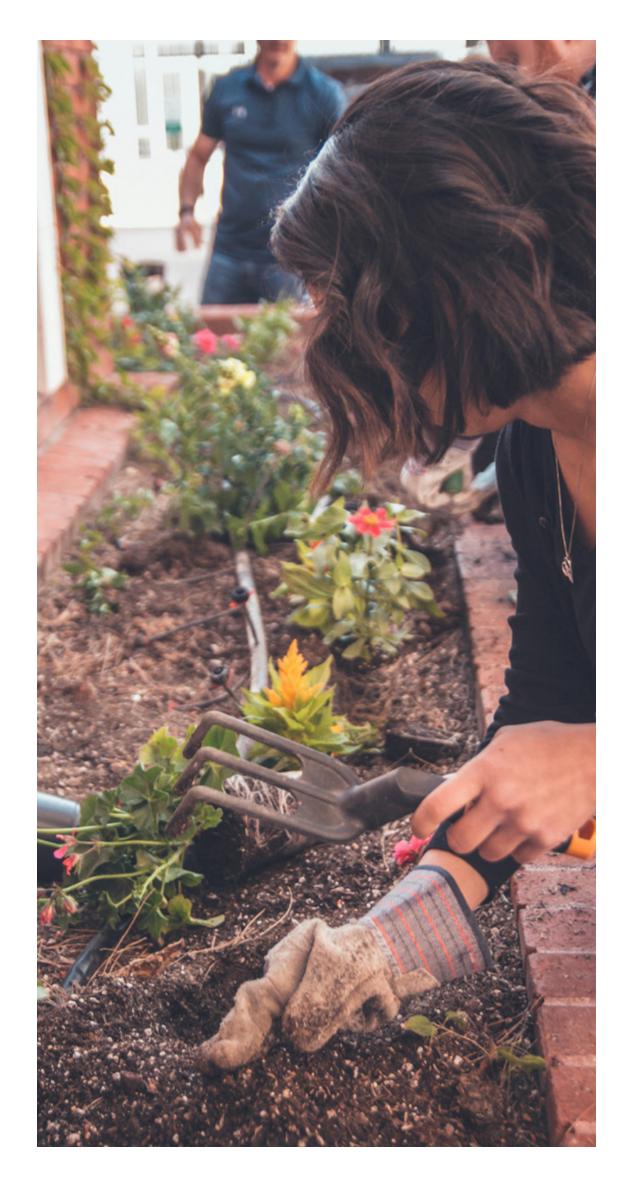
At the end of the pilot month, employees who participated in the pilot received a satisfaction survey, and the results were assessed in comparison to the targets. The pilot was declared a success, and it was decided to expand the initiative such that it covers the entire organization, concurrently with an environmental awareness campaign, that began on "Earth Day" in 2022.

In total, in 2023 we recycled approx. 30 tons of packaging waste.

The employees underwent training sessions about the manner of recycling and the types of waste that can go in the orange bin. The cleaning teams were also briefed about the manner of disposal and the importance of separating the bins. Waste from the orange bins was concentrated in separate containers in the building's main waste compound. In order to dispose of the waste, we hired the services of the contractor "Yarok Hevrati";

In this framework, training sessions were held in all floors of the building and across the organization, and the employees were given orange bags to take home. As part of the environmental awareness campaign, the Company also held a competition for making a Company logo from recycled materials.

In total, in 2023 we recycled approx. 30 tons of packaging waste.



By the Green Mail project, we saved 190 trees in 2023

Green mail

In 2017, we launched the Green Mail program which offers clients the chance to receive electronic mail instead of paper mail, with the goal to reduce paper waste and improve work processes. This is part of our overall strategy to increase digitization and process improvement for both internal and client-facing work processes.

In 2023, 90% of our clients we have the means to contact them by digital communication (email or mobile). Thanks to this, this year we managed to save approx. 1.5 million pages in physical mail, which is equal to approx. 190 trees. (An approx. 20% improvement compared to last year).

9. Unique clients over the age of 18, excluding The Phoenix Investment House, and the agencies





As part of The Phoenix's environmental policy and our commitment to protect the environment, in 2022 we reduced by 70% the printing of calendars, through an initiative whereby calendars are printed on demand rather than in a sweeping manner. In 2023, we continued the on-demand printing initiative, and even took it a step further by creating a bi-annual calendar for 2023–2024, which made redundant the need to print a separate calendar for 2024. Furthermore, the calendar itself included interesting facts about the environment, the community and The Phoenix's contribution to those issues from a sustainability perspective.

Water management

Water and wastewater are not material issues for The Phoenix group's business activities, as our water consumption is related

to typical office use. However, in recognition of the importance of water conservation, especially in our local climate, we installed a water monitoring system at our main office building that tracks water usage and creates alerts for water leaks on each floor and for the main cooling systems. In 2023, we moved from disposable to reusable cups, we installed water-efficient dishwashers in all of out kitchenettes.

Additionally, as part of our indirect impacts, we invest in companies that help solve the challenges of water scarcity challenge, including those with operations related to desalination and purification. As part of the collection of data for this report, we collected for the first-time water consumption data from the companies in The Phoenix group. The Group's¹⁰ water consumption in 2023 stood at 23,152 cubic meters.







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Protecting from Risks and Seizing Opportunities

With approx. 3 million clients - half of the adult population in Israel - we are committed to providing a diverse range of products and services that meet our clients' needs and to do so in an accessible, transparent and fair manner. Our products touch the most crucial aspects of life. As such, trust in the Group, its services, and its representatives always comes first. At the same time, the Phoenix is committed to leading the market and providing the highest possible client experience.

Our comprehensive package of services and products is designed to guarantee optimal solutions for risks alongside the ability to take advantage of opportunities at all stages of life. To protect against the risks, we offer clients a variety of insurance products (including life, property, and health insurance). We ensure the financial security of our clients and their families with an effective portfolio of long-term saving solutions (pensions and savings policies). At the same time, we create and provide a variety of opportunities and options for investment, savings, and increasing capital (such as provident funds, executive insurance, and advanced education funds). Additionally, we offer loans in times of crisis or growth, through the activity of the subsidiary "The Phoenix Gama" in the field of credit to small businesses. Furthermore, The Phoenix expands its activity in the field of consumer credit and seeks to improve the value proposition to its clients in this aspect as well. Through our subsidiary The Phoenix Investment House, we offer a one-stop-shop for asset management and financial services for private and institutional

clients (asset management and ETFs, brokerage, investment services, and employee options plans).

We fully understand the financial complexity facing our clients. Accordingly, we support them with consultation and guidance across a wide range of distribution channels, including agents, consultants, client service, and sales. The employees and managers, agents and consultants of The Phoenix are available to clients, offering advanced solutions and products tailored to their changing needs.

In our financial service products, we focus on **achieving sustainable** returns through professional and dynamic investment teams that are constantly reaching for new opportunities, as well as global partnerships, effective processes, and advanced infrastructure for risk and investment management. Our approach generates great success for clients and investors.

In our products and services, we are committed to the values of progress and innovation. As such, we are involved in constant research and development of new products, such that we can meet our clients' needs and be a leader in all our areas of activity, in the future as well. **Innovation** is also a key tool for streamlining and improving the client experience, and we place special emphasis on this. Innovation also allows us to improve communication and the receipt of feedback in the Group, such that we are able to adapt ourselves to the needs of our clients.



Client Experience

The Phoenix Group is not only committed to providing its clients with the best, most comprehensive, and attractive mix of insurance and financial products, but also to providing the most fair, transparent, efficient, courteous, and accessible service.

In recent years, we have invested heavily in improving our service. The results are apparent in the high ranking - not for the first time - of the Israel Capital Market, Insurance and Savings Authority, and in client satisfaction surveys and feedback (see below for a description).

The improvement was achieved to a great extent due to digitization, automation, and self-service transactions, but also because we did not disregard the availability and quality of the human response but increased it and integrated it into the technological means. We did this, among other things, by intensive training to streamline and improve the capabilities and performance of the client service system.

In 2023, The Phoenix developed a new strategy for the client experience, which highlights issues such as trust and transparency, innovation and simplicity of service - from the aspect of diversifying tracks, personalization, and nurturing relationships

Our new client experience strategy focuses on: trust and transparency, innovation and simplicity of service.

with clients, which are seen as value-generating relationships and business partnerships. Our focus is holistic - comprising all of our stakeholders- i.e., not only on the end clients, or on the service providers who have direct contact with them, but also on the agencies and employees and those who meet the clients receiving the service.

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The objective is to align the client experience strategy of The Phoenix with the general strategy of the Group, which itself includes values such as leadership, excellence, and partnership. Our vision is to achieve, through our client experience, operational excellence, maximum availability, a meeting across multiple channels - wherever clients are most comfortable, fine-tuning the client journey and fostering a business partnership through ongoing dialog.





We currently have a wide range of touchpoints for current and potential clients, with the aim to provide immediate, accessible information and services, these include:

- → Websites of the Group companies
- → 24/7 call center
- → Personal area Self-service digital platform
- → Online Chat
- Letters and SMS
- → Dedicated smartphone apps for vehicle and overseas travel
- → Facebook page



Shifting our service approach

In 2023, The Phoenix group implemented an innovative and unique service approach, which changed the conventions in the insurance and finance industry. We defined 2023 as the "Year of Service", in which we transitioned from a productfocused approach, which characterizes the traditional insurance industry, to a client-focused approach, that characterizes the new service concept. The implementation of the service revolution was not based on cosmetic superficial changes, but rather on an in-depth change to the organizational and technological infrastructure: From consolidating call centers and changing the training of service reps - to upgrading the technological infrastructure in order to receive fast service at a push of a button. The service revolution allows us to provide our clients with the best response within the shortest period of time. The revolution also impacts the agents and assists them to improve services and save valuable resources.

The new service approach led to a dramatic shift in clients' behavior and satisfaction, as reflected in key indexes as of the end of 2023 compared to the beginning of that year:

- A 41% increase in clients' willingness to recommend The Phoenix (NPS index) and further improvement in satisfaction.
- A 37% decline in the percentage of calls transferred from one call center to another.
- A 227% increase in the rate of usage of self-service channels.

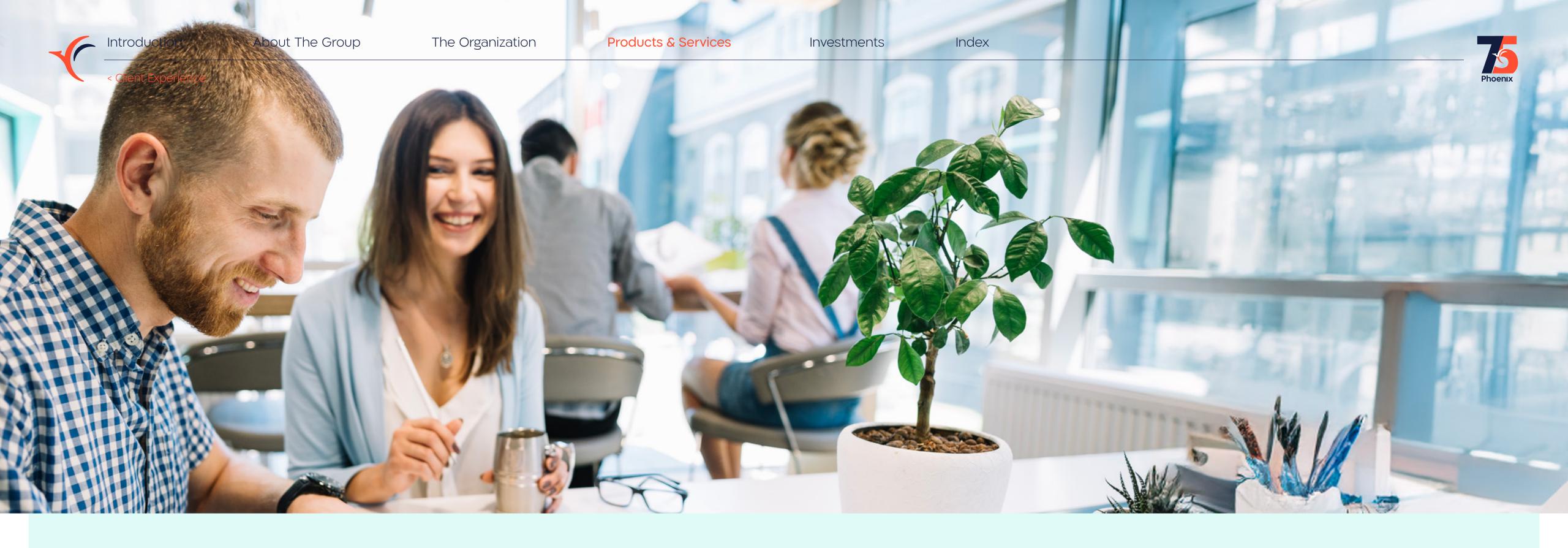
The service revolution was highly-valued across the industry with our win in the service innovation category of the 2023 Adif competition

The added value: A fundamental improvement in the service experience

The service revolution led to the redesigning of the service experience in the insurance and finance industry and was highly-valued across the industry with our win in the service innovation category of the 2023 Adif competition. The approach had a significant impact on the various client interfaces:

ightarrow Multidisciplinary response through a single touchpoint providing comprehensive response to the client through a single representative, without transferring the call from one call center to another. The combined response is based on a consolidation of a range of content worlds, such as life insurance and retirement (pension and provident) into a single call center. The consolidation was made possible by making changes to the organizational

- structure and changing service reps' training such that it is in line with the new service approach.
- → **Digitizing services** digitizing services that previously required clients to ring a call center. Thus, for example, we digitized the process of checking rights in matters pertaining to ambulatory insurance. The response to our expansion of the self-service channels was very positive, which saved precious time for clients.
- → Data-based personalization expanding the use of data in order to upgrade the client experience, and creating a proactive service package, that save the client valuable time in addition to improving the response. Thus, for example, we proactively contacted clients who take medications for chronic conditions, in order to allow them to claim a cash refund on their insurance through a short and simple digital process.



A message to the consumers and the industry: Introduction of innovations to the traditional insurance industry

Clients perceive the insurance industry as an industry with multiple complexities and bureaucratic barriers, which might make it difficult for them to receive a fast and efficient service. These sentiments emerged from surveys and conversations with clients on the ground. In order to change this reality, we realized that we have to refashion the conventions on which the service in the insurance industry is based.

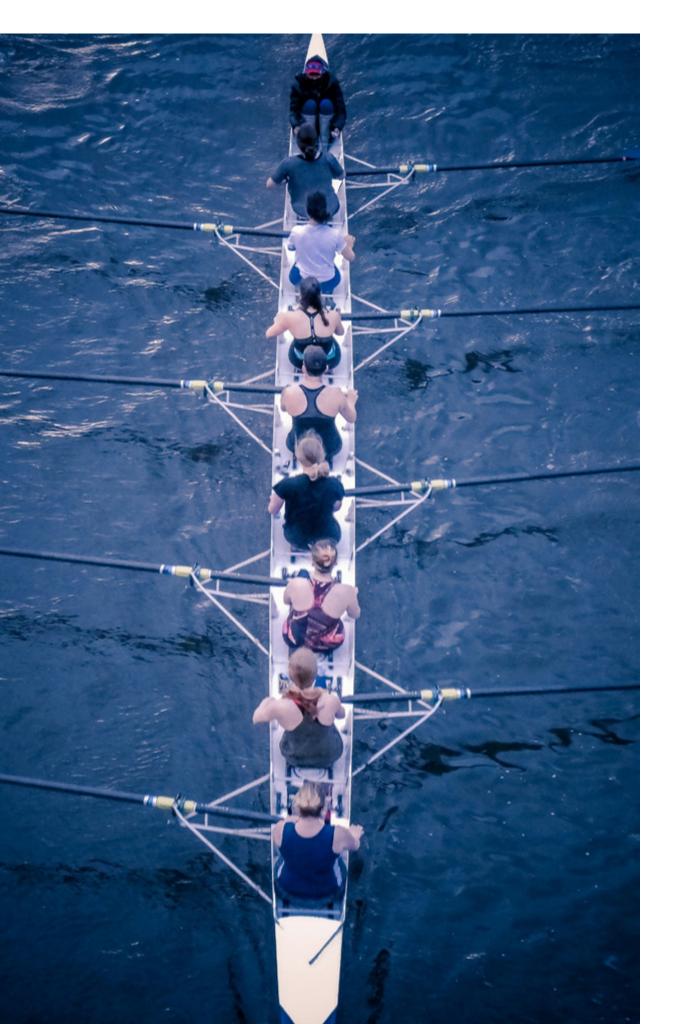
To this end, we looked for ways to achieve a material change the rules of the game in the insurance industry. Based on an analysis of clients' feedback and the execution of a cross-segment benchmark, we decided to change the organizational operating approach, and transition from a product-oriented approach to a client-oriented approach: Rather than ask which processes the client is required to go through, we started asking ourselves: How can we give the client the best response, within the shortest period of time and in the most convenient way?

The change was achieved by:

→ Gathering and analyzing feedback as to needs on the ground as part of the Voice of Client forum (VOC), headed by the Group's CEO. We mapped the 3 main needs that were presented by clients and partners: High availability in every channel, full professional response through a single touchpoint (rather than being transferred from one call center to another), and the creation a personalized service experience.

- Setting up taskforces cross-segment taskforces comprising employees from across the organization, in order to create the new service approach. These taskforces include employees from the business, technological, professional, marketing, data and other areas.
- → Implementing the new service approach defining objectives and mobilizing the Group's arms in order to implement them on the ground.
- Receiving real time feedback setting up a digital forum, and analyzing satisfaction surveys in respect of self-service actions, in order to understand clients' behavior and draw conclusions for the future.





Clients journeys

The client journey is an improvement of the interaction between the client and the Company. When the Company identifies a change in the client's status, or an action that indicates the emergence of a certain need on behalf of the client, we contact the clients and offer them an additional value proposition; this is done by email or by phone. From the Group's point of view, this is a strategic process of extensive mapping of the clients' needs at the various stages of their lives, with the aim of improving the service and client experience and support the client in making the most of opportunities, and at the same time mitigate the risks at each stage.

Our client journey platform allows us to strengthen and personalize the conversation with each and every one of our clients, raise the level of service, improve sales, and add significant value to the relationship with all our clients.

We conclude 2023 with approx. 60 new client journeys, which created a significant leap forward in our client service and an improvement in the Company's internal processes. An example of a new client journey pertains to motor insurance clients, who are entitled to premium refund, but the system lacks a means of payment, through which a refund can be facilitated. Thus, for example, a reminder will be sent - both by email and through a text message - telling the client that they have a credit balance and are entitled to a cash refund, which they can receive if they

update their bank details. Where needed, a reminder in the form of a text message will be sent a couple of days later, and after a further week another reminder will be sent, if necessary.

The objective of this type of client journey is to improve communication with the client by making it more direct and efficient, and allowing it to assist the client to exhaust their rights under the policy.

In 2024 as well, we will continue to deepen our relationship with clients through the client journeys, we will expand the activity to new worlds, and accelerate the Group's digital transformation (more on that later).

Accessibility and simplification of processes

In view of the improvements in medicine and lifestyle in recent decades, the population of Israel's senior citizens is growing rapidly. At the same time, the volume of technology and digitization is increasing, and for some senior citizens, it is difficult to receive service. The Phoenix attributes great importance to providing efficient, high-quality, respectful, and personalized service to the unique needs of senior citizens, and our mission is to make it easier for them to receive service and to take full advantage of their rights.

Accordingly, we retained the consulting services of a gerontologist specializing in the financial aspects of the process of aging

and retirement and took various steps to create a distinct and professional service. These include: focused training for employees and partners; setting up a dedicated call router; adaptation of processes (digital and non-digital) to the extent possible; segmentation, assessment, and definition of the unique needs of this population; and assessment of encouraging the employment of senior citizens in the Company's units. In the more complex cases, when necessary, a personal representative is assigned to assist a specific client.

At the same time, we implemented procedures and drew up mechanisms that set of an alert if there is a concern of financial exploitation of senior citizens in sensitive processes such as appointment of beneficiaries, redemption to a third party that is not an immediate family member, and payment of claims. These mechanisms were also assimilated in the client service center that helped about 400K senior clients in 2023.

In addition, The Phoenix promotes accessible face-to-face communication and online communication, and cooperates with Access Israel, a non-profit organization dedicated to making Israel an accessible place for all. To ensure inclusive and accessible service for all, managers and employees participate in frequent training on accessibility to services for people with disabilities. We make information accessible to all members of the public, including those with hearing or visual disabilities, and make sure that the service is accessible and convenient for all populations.

24/7 Service

To provide a full-service experience, we launched the 24/7 Service, which allows clients to contact the service for assistance and information after regular business hours as well. We provide this solution through an automated system that answers the most common questions and requests. In this way, clients can learn about the status of their claims, update their personal information or payment means, and receive various documents at any time, even on weekends.

In 2023, more than 700 thousand clients used the service, including thousands who accessed it at night. This reflects an increase of approx. 103% compared with last year.

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Personal area

In 2022, we launched a new personal area that encompasses the principles of personalization, simplicity, focus, and more accurate identification of the client's needs. The smart personal area is based on technological components that enhance endto-end personalization capabilities. The new area allows, among other things:

- → Identification of the client's needs and the reason for accessing the website, to provide a functional, simple, and immediate response
- → Display of information relevant to the clients, with simplified "insurance language" for their convenience
- → Creation of an effective and supportive environment
- → Implementation of data-oriented methodology, providing tools for analysis of the information and actions of our clients and generation of business insights, for continued improvement of the digital experience.

During the course of 2023, the Company continued improving and increasing the accessibility of information to its clients. As part of this move, the provident fund products, which have been displayed in a dedicated website through that date, were integrated into the personal information website, which is consolidated with the insurance products, achieving a comprehensive picture of clients' information.

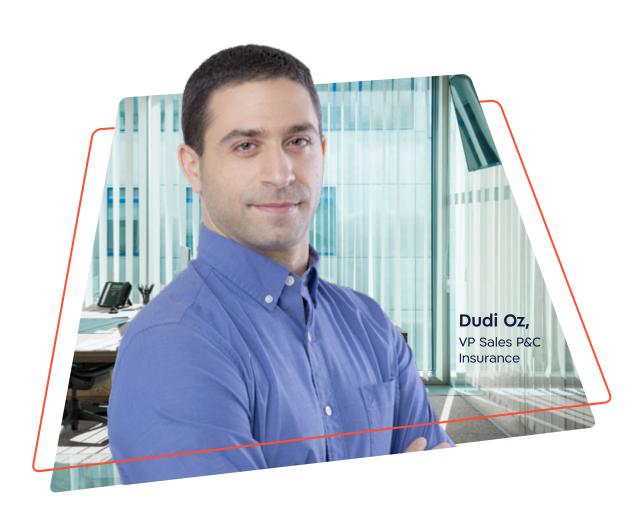
In addition, we launched the "My Money" page on the personal information website, which focuses on savings and investment products, while delivering information to clients in an easy-tounderstand and user-friendly language.





Letters and SMS

Another measure we led is the transformation in the written materials - to ensure fluent language, a readable and easily understood text structure, including effective accessibility of the central message in every document sent to the client. As part of the measure, which combined sector managers, marketing personnel, the legal and development counsel, and included the service representatives and personnel in the Group, a toolbox was put together to upgrade the letters, including: leading structure, storytelling, drafting and design, and bottom lines.



Investing in agents

We strive to make our financial services information clear and accessible, for both clients and agents. Training and study of the financial world for agents is our top priority. We offer a range of training materials and courses for agents, for example, in the simple and accessible presentation of financial products. **During 2023, more than 5,500 agents** participated in face-to-face and online training sessions.

At the same time, in 2023 we decided to generate real, useful and effective value for agents. For the first time, The Phoenix set up The Fnx Business School, where agents receive the most advanced and effective tools for growth, training, individual support and mentoring, in order to improve their work and support them in the management of their relations with their clients in an ever-changing and developing world, and to improve the agent's ability to provide their clients with best in class professional services. We focused on 5 key areas, which can generate a significant change: In addition to the provision of professional tools in the insurance worlds, we decided - for the first time in the property and casualty insurance subsegment - to provide agents with a tool box for the management of a successful business, thereby allowing them to increase their profits

The Fnx Business School a first of it's kind training to agents on the most advanced and effective tools for growth, training, individual support and mentoring

- Creating a strategy to create and implement the vision through a multi-year work plan.
- Data management exhausting existing information sources, in order to retain clients and expand the insurance portfolio.
- Digital marketing broadening the client base through a range of marketing channels.
- Utilizing technology using automation and digitization to save time and manpower.
- Leveraging the human capital through tools for recruitment, retention, mentoring and driving employees.

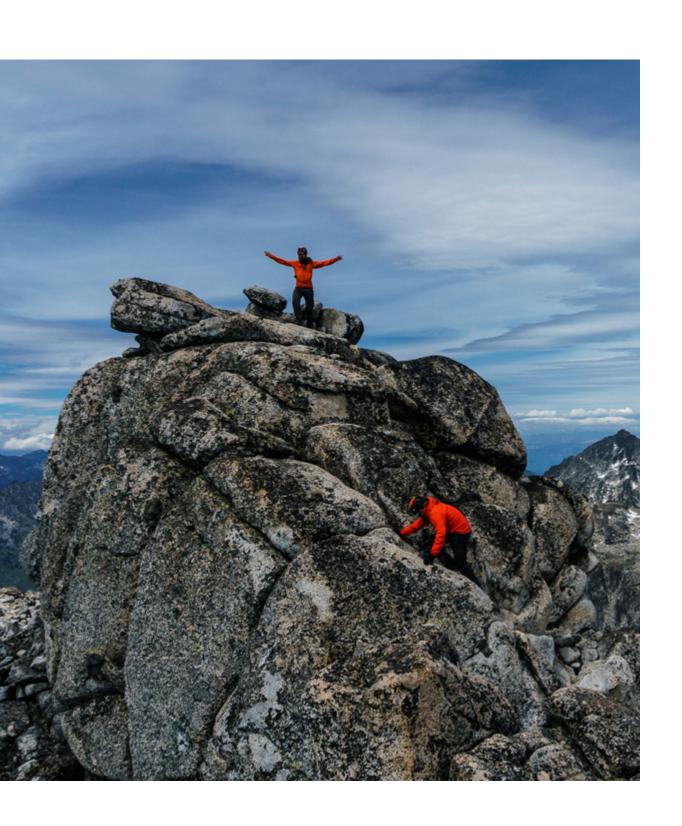
The link, which we created for the 25 participants of the program, between the business sector in Israel and across

the world and key figures in the insurance industry, led to closer relations among all agents. This link created the prestigious club of academy. Upon completion of the course, participants traveled to Germany for a professional enrichment trip with Munich Re - the reinsurance giant. During their visit, the agents were presented with a review of the significant trends in the global insurance industry from senior Munich Re executives, and participated in lectures on innovation and technology, climate changes, and trends which shape the motor and property and casualty insurance world. The membership in this club did not end there; it continues with a range of activities with professional content, experiences and professional support throughout the way.

The agents, who participated in the program, report a significant increase in income, and a decline in operating expenses thanks to the tools and information their received during the course. The FNX Business School won the 2023 Adif Conference award during the year.

During 2023, more than 5,500 agents participated in face-to-face and online training sessions





Leadership in service

To study and improve our ability to receive feedback from clients and respond to needs and applications, the **Voice of the Client** (VoC), a dedicated internal forum, was launched this year. This forum collects all complaints from all control processes, identifies failures in the service process, and ensures sharing and reciprocity of solutions among the service managers.

We routinely monitor client's inquiries and measure them and how they are addressed. According to the findings, in 2023-2022, the downward trend of inquiries to call centers continued, alongside growing use of self-service:

- → 85% of the inquiries (information and actions) were carried out through self-service channels
- → 12% decrease in the rate of inquiries with call centers compared with portfolio size
- → Continued focus on client experience at the organizational level; compliance with the range of excellence in the NPS and the simplicity index

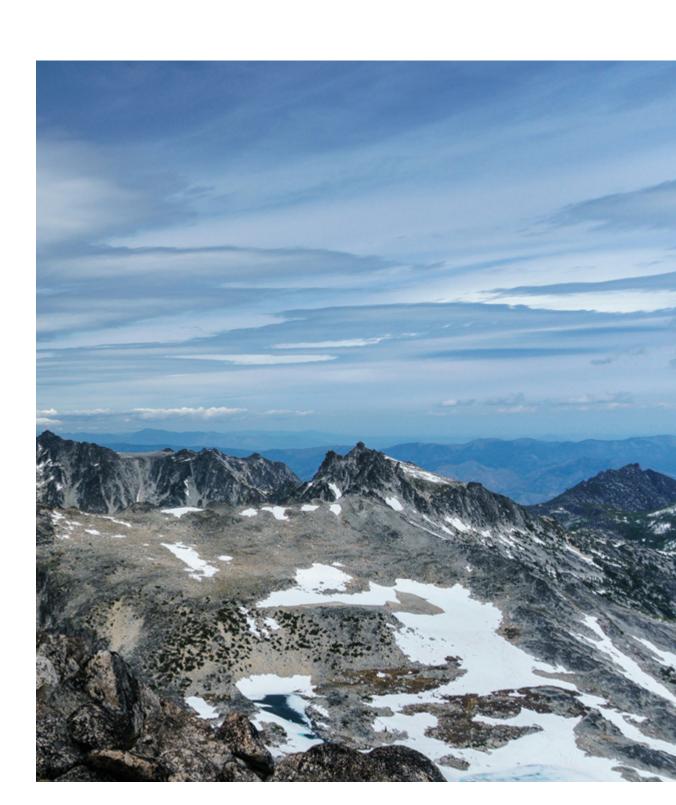
Every year, the Capital Markets, Insurance, and Savings Authority evaluates insurance and pension savings companies for the service they provide. The Authority publishes an annual index intended to strengthen transparency for the public and to support

a competitive market. Rankings are based on claims payments, client satisfaction, public inquiries, response times, and digital tools offered. In the 2023 index (published in July 2024), The Phoenix leads the market with an average score of 81 in the service index (for all 12 categories); we were positioned in first place among the five major insurance companies in Israel, for 3 out of 12 categories:

- 1. Compulsory motor insurance
- 2. Home insurance
- 3. Travel insurance

We are constantly improving the service in order to retain the high official ranking, and to further improve it as well. As part of the strategic plan, we will continue to improve the existing service points and the response time and simplicity indexes. We will also offer personalized and proactive support and deliver a comprehensive client service experience.

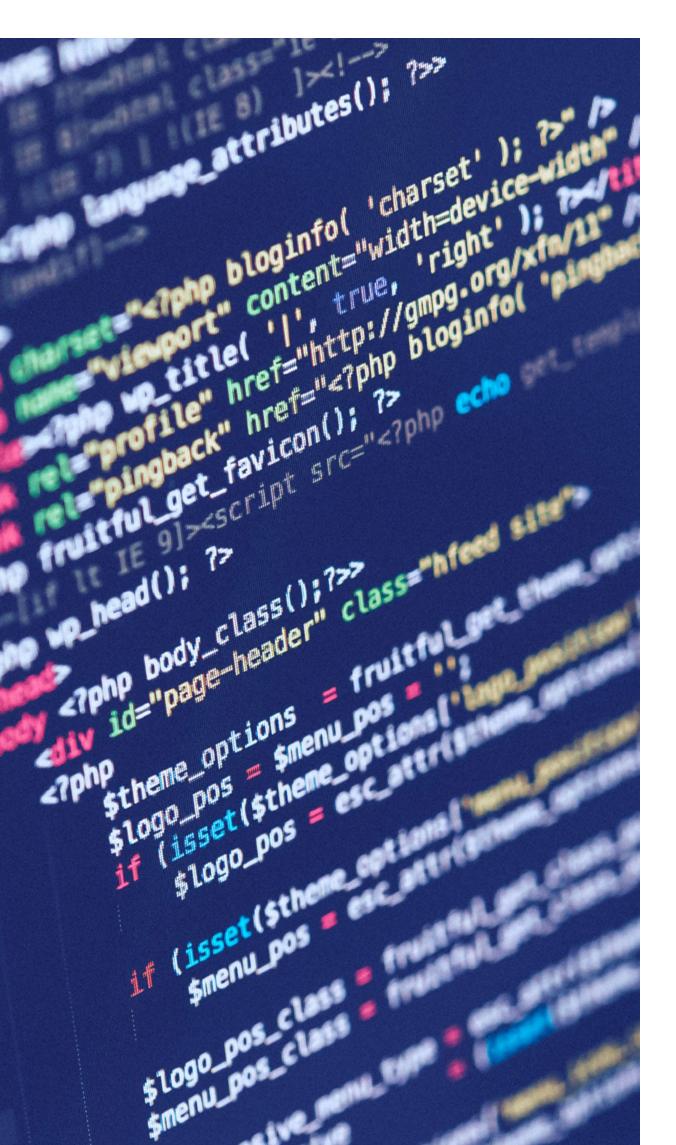
In the 2023 index (published in July 2024), The Phoenix leads the market with an average score of 81 in the service index





Introduction

The Organization



Digital transformation

The digital transformation in The Phoenix Group in recent years is the basis of our ability to offer new and innovative products and services in an efficient and transparent manner. In this context, we reinforced self-service capabilities, particularly in claims and payments. **We simplified processes**, reduced the use of printed forms and documents, and created a more user-friendly approach, in simple and everyday language.

We take a systematic, strategic approach to increasing our digitization capacities throughout the Group, in line with our values: to take the initiative, create value through innovation, and be leaders in the various operating segments in the Group - insurance and asset management. In doing so, we use advanced data and analytics, such that we can make decisions and data-driven changes.

The digital transformation requires us to assess internal and external processes and to see where we can transform the interface and processes to create a faster, more efficient, and better experience for our clients, agents, and employees. To accelerate these processes, and to optimize the operation in the Group and allow flexible and quick work processes and crossorganizational collaborations, The Phoenix Group changed the operating concept and adopted **Agile methodology**, which is standard in the worlds of product development. This includes shorter processes focusing on the product and running jointly and in parallel, rather than hierarchical linear modeling.

In 2023, we saved approx. 1 ton of paper by digitizing forms and processes, which is equivalent to approx. 17 trees.

In 2022, the focus areas were decided on and the organizational infrastructure was built. Among other things, integrated work teams were trained and set up, which included both the business and the technological side (multidisciplinary team). The experts from both content worlds sit together in a common area and share performance goals and responsibility for the business indexes.

Today after more than a year of agile work we are convinced that the pioneering adoption of the Agile concept was an essential and smart strategic move. It integrates into the digital transformation, creating a fast, smooth, accessible, transparent, and personalized experience for clients. All this is derived from the perspective of innovation as one of the most significant value generators in the Group.

We are witnessing a constant increase in requests for service through digital channels and are working to integrate accessible and user-friendly formats in all business units and for all types of users.

In 2023, we saved approx. 1 ton of paper by digitizing forms and processes, which is equivalent to approx. 17 trees.





Following are examples from various segments aimed to illustrate the scope of the digital transformation in all segments.

Making savings opportunities accessible

Towards the end of tax year 2023, the Company launched an innovative digital tool, which allows clients and agents to exercise the clients' rights and make the most of the opportunity to execute a tax-exempt deposit to funds in a manner tailored to their needs. The advanced fund contribution tools were developed as part of the adoption of open banking technology, in order to make it easier for clients to make deposits to advanced education funds for the self-employed and to investment provident funds at the end of the year, and to streamline the process of allocating the deposits to the funds. The tool was incorporated into a service process, as part of which the Company informed clients about their personal deposits balance, and at the same time allowed them to make a deposit easily and quickly as part of a simple and bureaucracy-free process; approx. 9% of the clients opted to take the opportunity and make a deposit to a fund.

Healthcare services at the push of a button

In the health segment, claims can be submitted digitally, and we are working constantly to simplify the process and make it more accessible for the convenience of our clients. To adapt ourselves to our clients' daily habits, as part of the Company's collaboration with Bit (a fintech who acts as a tokenization platform for credit cards and payments) we allow clients to claim reimbursement for payments made against claims for medical services through Bit payments.

To improve the service, we set up a **system that assists clients in** coordinating and making appointments for MRI and CT tests in institutes and hospitals. After the appointment is scheduled, the

Company provides a funding undertaking to the medical facility/ hospital. Upon arrival, the policyholder is required to pay only the deductible, and The Phoenix will pay the balance directly. The meaning of this streamlining measure is that the client is not required to open a claim or wait for a refund. The client benefits from financial saving, quick handling, and convenience.

The Phoenix Smart – smart insurance without unnecessary payment

The Phoenix Smart is a direct sales channel allowing clients to purchase insurance simply, quickly, and independently, by telephone or online. Using The Phoenix Smart, clients can purchase or renew insurance for a car, apartment, overseas travel, and pets.

The Phoenix clients can also receive a wide variety of self-service options on the website and via WhatsApp and perform over 35 service operations such as: downloading the compulsory motor insurance certificate, updating credit information, and adding various coverages to the policy according to need. In 2023, the increase in the number of operations performed in The Phoenix Smart is evident:

33%

of transactions to renew home insurance were digital. 13% increase from last year.

30%

of new third-party insurance sale are carried out digitally.

90%

of all clients purchased travel insurance online in an end-to-end digital process.

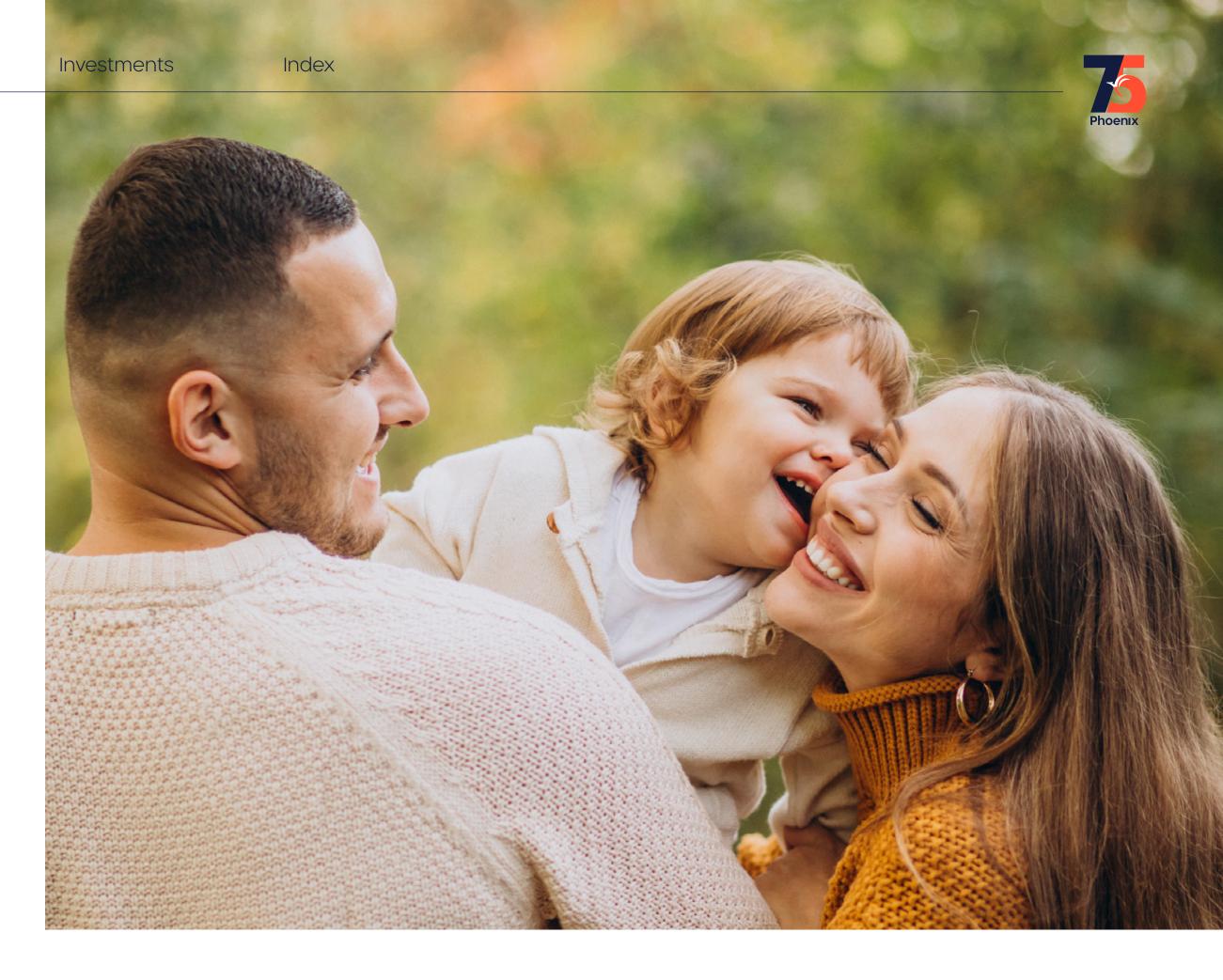
Approx. 70% 15%

of the service actions are made digitally (via the app/ the WhatsApp service).

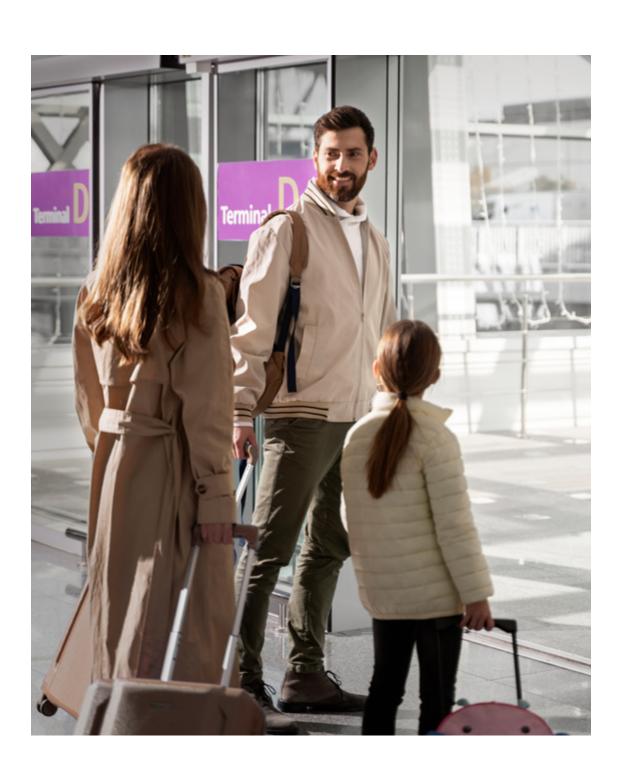
of all clients renewed their motor insurance in an end-to-end digital process.

57%

of clients purchased pet insurance via digital channels







Face forward and drive

In 2022, we introduced an advanced motor insurance app, allowing The Phoenix clients to perform a variety of operations at the click of a button. These include: viewing all coverages, renewing policies, adding a temporary driver, changing payment information, opening a claim, viewing all service providers (towing, headlights and mirrors, windshields), locating important phone numbers following an accident or for general service, viewing important instructions in the event of an accident, and saving and retrieving documents such as a copy of the compulsory insurance certificate, car license, and driver's license. The app is a significant leap forward in convenience, simplicity, and accessibility of important information for clients, and contributes to reducing the volume of inquiries to call centers.

Smart Travel

Through the Smart Travel application powered by Air Doctor, travel clients have access to pre-vetted physicians around the world who are available to treat tourists if the need arises and vast coverage in this domain. Thus, for example, medical expenses coverage is unlimited in amount (excluding existing medical conditions), and the maximum compensation for delayed luggage is USD 200. In addition, the coverage does not involve deductibles (excluding coverage expansions for mobile phones, computers and cameras).

The service provides access to more than 25 thousand physicians in 75 countries, including the most popular destinations for Israeli tourists. The service itself can be used to choose a physician from the list and make an appointment at a clinic, or request that the physician visits the policyholder at the hotel according to physicians' availability in the destination. This does not require payment or a claim procedure. Claims can also be filed through the app for late arrival of luggage. and the compensation payment means can be selected (bank transfer, credit on credit card or Bit). It is simple and convenient to file the application, and it only takes a few minutes; after a short wait (several minutes), the money is transferred directly into the account.

As well as the option for purchasing insurance in a fully digital process, the policy can be extended easily in the Smart **Travel** app when the client is abroad, making the process simple and convenient. Since the launch of this product, hundreds of thousands of Israeli tourists have flown with Smart Travel, and thousands have used the service to receive medical care abroad.

Our Smart Travel application provides access to more than 25 thousand physicians in 75 countries.

Upon the outbreak of the Iron Swords War, The Phoenix acted out of solidarity and provided an extensive response:

We paid claims pertaining to cancellation of trips due to emergency drafting for reserve service, despite the fact that the policies include a war exclusion, and we even paid claims in respect of termination of trips, which does not normally cover such emergency drafting; this was paid out of a dedicated fund that was set up for ex gratia payments. Furthermore, we extended the insurance term of clients that were unable to return to Israel due to the War through October 15, 2023 without charging premiums, and through October 31, 2023 we paid up to USD 100 to such clients for medications they take regularly, and which are not included in the policy. For clients who are related to victims of the War, we approved claims in respect of cancellation/termination of trips; we also approved claims for cancellation/termination of trips by Gaza Envelope residents. In addition, we insured - free of charge - a delegation of families of hostages, which travelled to the USA.

The Responsible Underwriting Approach in P&C Insurance

The implementation of ESG considerations in our insurance businesses assists us to mitigate risks and supports the identification of opportunities. Our exposure to risk is mostly indirect exposure through the risks borne by The Phoenix for its clients.

In view of the great importance attached by The Phoenix to ESG risks, with an emphasis on emerging risks, and their great potential effect on The Phoenix itself and on the insured companies, we implement responsible underwriting in property and liability policies of commercial and industrial companies.

The underwriting and pricing policies of the Company regarding its insurance policies weigh various considerations and take into account insurance risks, including: Model risk, catastrophe risks, including earthquake, natural disasters, climate change risks, cyber, information security and cyber insurance risks.

As part of the underwriting process, the Company implements ESG considerations for businesses, both in order to mitigate the risks of the insurance company, and to support the adaptation process of the clients we insure. When taking out or renewing property and liability insurance, each company, which is an insurance candidate, undergoes an underwriting process, that includes a reference to the risk level of the sector to which it

belongs, the asset's geographic location, and ESG risks, including environmental risks in the environs of the asset. If we decide that the company meets the business targets and risk appetite that we defined, the underwriting process is transferred to the underwriting department, such that underwriters will identify risks and will have the tools to price them, including ESG risks. To that end, The Phoenix has an independent coverage department, and where needed a reviewer from the team is dispatched in order to identify and look closely at the risks. The reviewer assesses the protection and risk management measures - both physical and human. The reviewer's findings are delivered to the company's underwriter in the form of a report, and a dialogue is conducted regarding recommendations as to retainment and improvement of the company's risk management and protections. For example: Installation of fire extinguishment systems, mandatory use of safety masks and gloves by employees, adding spill containment pallet to containers storing hazardous substances, etc. Based on the results of the dialogue with the company, the Underwriting Department will decide if the transaction can go ahead with or without special conditions. If serious risks are identified, the transaction may be rejected.

In employers' liability insurance we make sure that we assess the risks to the business's employees based on the characteristics of

the activity, the materials to which the employees are exposed in terms of health and safety, such as workplace and safety accidents of the organization and the way the organization conducts itself from labor laws and human rights perspectives.

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In addition, in directors' and officers' insurances we assess - as part of the underwriting process - the claims history and financial statements, the contingent claims, and information regarding class actions against the Company from an ESG perspective. For more information, see directors and officer's insurance (D&O) below.

The amount of information, its flow and availability, including the ability to use a network for remote operation of various operations and services, increased the exposure of organizations, businesses and private users to a wide range of new emerging risks, including, among other things: Cyber risk arising from the insurance business (cyber insurance risk); this risk is covered under the existing insurance policies in the traditional insurance subsegments, which do not refer specifically to cyber risks.

In 2021, the Company conducted a cyber insurance risk survey in the property and casualty insurance subsegment, and its results were filed to the Capital Market, Insurance and Savings Authority and also presented to and approved by the Company's

Board of Directors and The Phoenix Insurance's Risk Management Committee.

Over the past two years, the Company has made changes to its products in accordance with its risk appetite for cyber insurance risk and the survey's recommendations. Accordingly, the Company has an orderly policy in place regarding the underwriting process, and it also works in accordance with the underwriting process carried out by the reinsurers. This is an emerging risk, and the Company continues monitoring the development of the risk.

ESG risks can be dynamic and complex. In order to incorporate them in the underwriting processes the Company is required to invest significant resources in order to filter and assess risks and hold a dialogue with clients. We are at the beginning of the process of developing an automated process for the assessment of climate risks, that will ensure that risks are identified, assessed and managed within our overall risk management framework. The Phoenix offers its clients a number of insurance products that were designed to facilitate companies' dealing with climate change and with the transition to low-carbon economy, alongside raising awareness to emerging risks and preparing for dealing with those risks.



Sustainable Products and Services

Health and financial stability are an important aspect for individuals and families such that they can grow, prosper, and plan their future. The services and insurance, finance, and credit products of The Phoenix makes it possible for our clients to achieve and increase capital, and we make tools and information accessible to them transparently such that they know to choose the opportunities that will ensure health and economic prosperity in their lifetime. The Phoenix is offering more than 10 innovative

More than 10 innovative and sustainable insurance and financial products

and sustainable insurance and financial products, focusing on new technologies and services, and on improving client health and quality of life, while contributing to environmental quality.

In 2023, total premiums earned from sustainable products are approx.

1.8 billion NIS

In 2023, total premiums earned from sustainable products and services¹¹ amounts to approx. NIS 1.8 billion - an increase of approx. 35% compared to last year (constituting approx. 17% of total premiums earned - retention).

Products and services with a positive environmental contribution

Our products and services have an environmental impact, which is reflected in increased awareness of sustainability aspects among our clients; those products and services facilitate companies' dealing with the effects of global warming, and at the same time have a positive contribution to the reduction of emissions and environmental damage.

Renewable energy

The Phoenix Group offers a range of insurance products that support environmentally friendly businesses and projects and supports the transition to a low-carbon economy. We offer insurance coverage (contractor work, third party and employers' liability) to businesses that install rooftop PV systems on residential buildings, warehouses and agricultural land. The need for insurance coverage for the contractors that install the systems arose from clients, who wish to ensure full coverage for the entire installation process. For complex installations, we offer combined insurance packages: marine insurance to cover transportation of solar panels, insurance for storage of equipment, or permanent insurance after installation, including property and liability insurance, to cover the daily operation of the solar system.

We also offer combined insurance packages for the installation of wind energy facilities which are considered particularly complex. The insurance packages include marine insurance for transportation of turbines, storage and installation insurance coverage, and permanent insurance (property and liability) for operation of the facilities.

Directors and officer's insurance (D&O)

In 2023, The Phoenix included for the first-time dedicated climate and ESG questions in the underwriting process of companies' directors and officers insurance. In their capacity as the office holders, who monitor Company's management, and outline and supervise the implementation of its work plans and a range of core issues related to the way the company conducts itself, directors play a key role in the development of the company's ways of dealing with the challenges of the future, which include many climate risks and ESG risks. Low awareness of climate issues in the insured companies may cause damage to those companies, and consequently give rise to a potential exposure of The Phoenix in its capacity as an insurer. In view of that, we added to the underwriting process questions pertaining to ESG aspects, such as: Does the Company publish an ESG report? Were targets set for cutting emissions? And what is the percentage of women in the Board of Directors and senior management?

In addition, officer's liability insurance policies exclude pollution. If the Company requests an expansion of the insurance coverage such that it covers only legal expenses in respect of accidental and unexpected pollution, we assess as part of the underwriting process the claims history and financial statements that detail the lawsuits against the Company with respect of these aspects. We also ask for information on the way the company conducts itself in those cases as part of the set of considerations in directors and officer's insurance. The Phoenix aims to increase awareness of climate and ESG issues among the public in general and its clients in particular.

These products are designed to ease the construction and ongoing management of renewable energy installations, mitigate the risk, and promote further environmentally friendly developments.

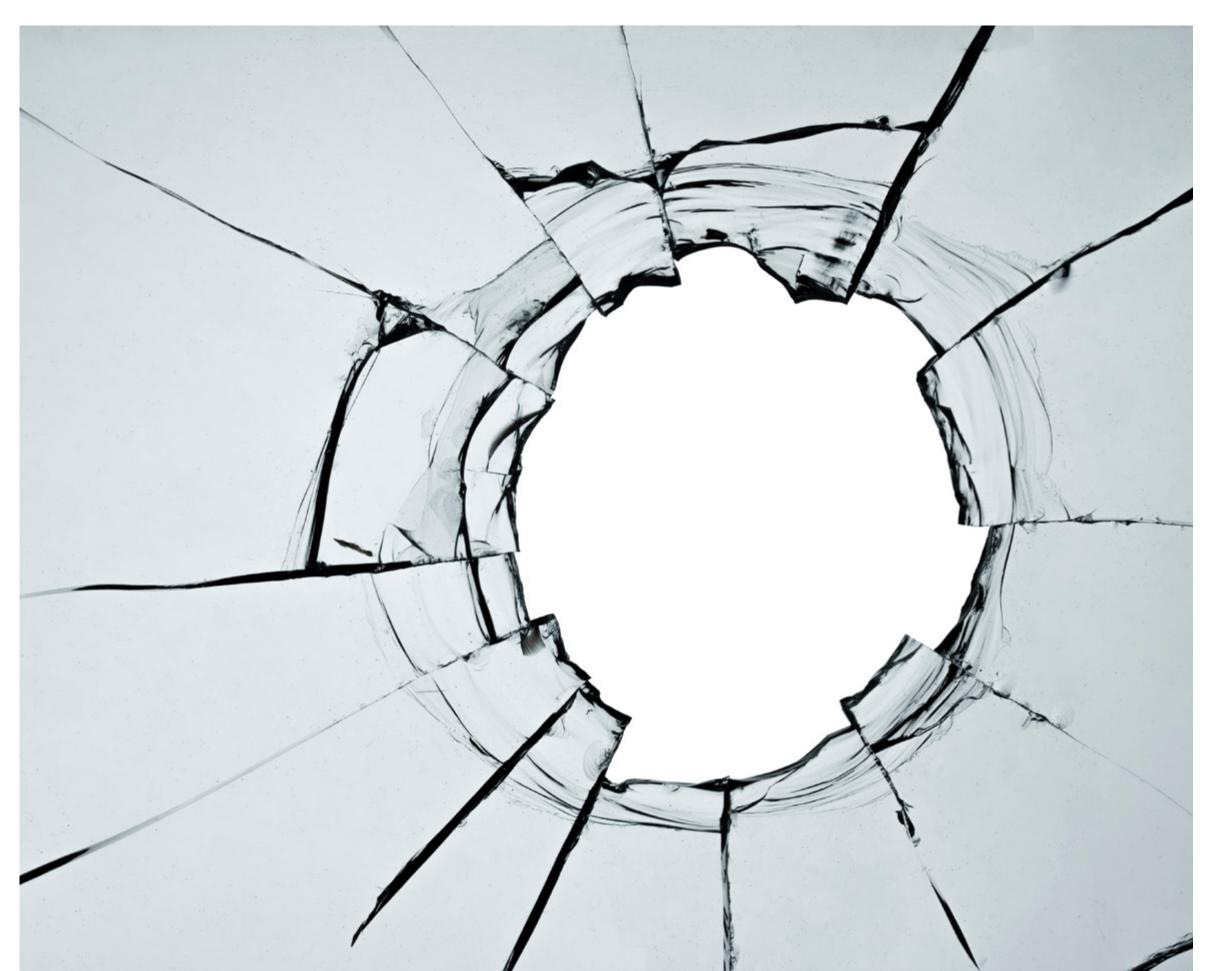


Natural disasters insurance

To predict the unpredictable; natural disasters - including earthquakes, fires, floods and extreme storms - might ruin communities, and recovery might take many months and even years. The Phoenix provides insurance against those risks. The Company works on improving its capabilities and tools for the identification and management of risks for the client, as well as the support they are given when the worst happens.

Economic social-economic changes, mutual global dependency and climate - all those play a role in the changing extents of weather and insurance losses. According to the State Comptroller's report the amount in damages paid by Israeli insurance companies in respect of flood damages in 2010-2020 is approx. NIS 2.5 billion. Scientists from across the world and the International Climate Organization expect that damages will become worse in the next few years, including, among other things, in Israel, which is located close to the equator.

With extreme weather events, such as floods, storms, heat waves and droughts becoming more common and severe, our strategy regarding natural disasters, with an emphasis on global warming, focuses on providing insurance solutions that assist clients to respond to the ever-changing climate and to facilitate the development of low-carbon economy. We currently offer severe weather insurance to protect clients against fire, floods, and other natural disasters. At the same time, we develop infrastructures for the collection of data on cumulative effects and investigate the future effects of global warming in Israel in order to provide the best possible products to our clients.



Our strategy regarding natural disasters focuses on providing insurance solutions that assist clients to respond to the everchanging climate and to facilitate the development of low-carbon economy.

Promoting innovation

We provide insurance to startups in various development stages, which provide green energy solutions. These companies accelerate the energy revolution as part of the global Net Zero race.

For example: The Phoenix provides insurance coverage to the robot prototype by Batteri, which was founded in April 2022, and developed an autonomous robot named "Thomas". The robot, which is designed to operate in parking lots, moves independently and is able to access EVs in order to provide them with rapid charging services. After completing the charging process, the robot moves on to the next vehicle, and is thus able to charge multiple vehicles during a single working day.

The robot is equipped with a chargeable battery, which can be charged during off-peak hours, achieving significant electricity cost savings. This quality, in combination with the ability to efficiently charge multiple vehicles, constitutes a significant competitive advantage for Batteri in the EV charging market.



Overview

Against the backdrop of global warming and the effort to discontinue - in the next decade - the sale of gasolineconsuming vehicles, the Israeli vehicle market is at the height of a revolution: 2023 was the "greenest" year in the history of the Israeli vehicle market, which increased significantly in 2023 thanks to delivery of approx. 48 thousand new EVs, such that this market constitutes approx. 18% of the total new vehicles market in Israel, reflecting a significant growth of approx. 75% compared to 2022, when only 27 thousand EVs were delivered. There is uncertainty as to the government's EV taxation policy in the next few years; however, due to Israel's undertakings in connection with global warming, we expect a continued increase in the sales of EVs in Israel alongside the introduction of additional brands. The change requires new infrastructure and services, which will have a significant effect on the motor insurance industry. This is because EVs have special requirements that require an adapted insurance product. Moreover: insurance of EV charging stations presents a barrier for the revolution, with conflict between car buyers and condominium resident committees and office building management companies, which are often reluctant to install EV stations in the apartment parking lot. However, we expect significant technological improvements in this field too, which will support the promotion of the EV revolution in Israel in the next few years.

Our approach

The Phoenix is proud to be a partner in the EV revolution in Israel. The Phoenix holds the largest market share in EV motor insurance and offers extensive coverage tailored to its unique characteristics. There is a reason why it was announced as the preferred insurer of Tesla and other manufacturers, meeting their strict standards. The Phoenix was one of the first insurance companies to recognize the growing needs in the EV insurance market and to adjust the products. It also recognized the gap surrounding insurance for EV charging stations at an early stage. To narrow this gap, The Phoenix introduced a dedicated policy for EV charging stations, the first and most comprehensive of its kind in Israel.

The Phoenix holds the largest market share in EV motor insurance.

Our value propositions

To provide broad protection, in 2022, we launched a new insurance product for EV charging stations that provides a full insurance package: alongside coverage for damage to the station itself in the event of fire, break-in, or theft, the policy includes broad liability for third-party damage of up to NIS 10 million. The scope of the coverage provides peace of mind for the apartment committee and all tenants, knowing that they are covered in the event of heavy damage as well. It is important to know that standard insurance coverage for apartments and cars does not necessarily cover cases of ignition of a charging station, and in any event, the coverage limit is lower.

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Our EV insurance policies include coverage in case of loss or theft, towing services that includes electric power supply or towing to a charging station, coverage for the charging stations equipment, an exemption for deductible at select auto repair shops, and more. These services were adapted specifically to the unique needs of the EVs and drivers. In 2021, Adif insurance magazine crowned the EV insurance of The Phoenix as innovative product of the year.







Sustainable Products and Services

Offsetting carbon emissions from flights

Through Smart Travel insurance, we established unique collaboration with Good Energy Initiative - a non-profit social organization for climate change that develops unique and innovative projects for the application of environmental technologies and performance (for a description of the extensive cooperation with the association, see the chapter on Our Impact: Environmental Protection).

More than 130 thousand customers were exposed to the unique collaboration with Good Energy Initiative

In the offsetting program, carbon emissions from flights are offset with investment in reforestation (CO₂ absorbers) or green energy projects. Using the calculator in our overseas travel app, the clients of The Phoenix can calculate the volume of carbon emissions from their specific flight - and select a sum to donate to an environmental project. For every shekel that the client contributes directly to the NGO for offsetting emissions, The Phoenix contributes another shekel to the NGO, thus doubling the positive impact on the environment.

This unique collaboration was launched in April 2022, and since then more than 130 thousand clients were exposed to it, approx. ten thousand clients expressed an interest in the proposed projects, and approx. one percent of the latter opted to donate to environmental projects executed by the NGO, which led to the offsetting of approx. 44 tons of carbon. In 2024, we aim to continue to expand the activity, which also contributes to raising public awareness for the environmental impacts of modern lifestyle in general and of aviation in particular.





Products and services – our social impact

The Group has a range of products and services with a social impact, which encourage responsible behavior by our clients, support the integration and inclusion of minority groups in the Israeli society and in the finance and insurance industry, and - through digitization - promote transparency, simplicity and accessibility of the information to the client in range of channels. Digitization also entails risk management challenges, which we understand very well, and in view of that, we provide our clients with products which allow them to mitigate risks effectively and focus on their business growth strategy.

Cyber risks insurance

Smart technologies have a huge potential to improve the lives and health of humans on our plant, but they also have many unintended consequences. According to the World Economic Forum, more than 50 percent of earth's population is active online, and approx. one million people join the internet every day.

Consequently, cyber events are amongst the leading global risks, with Israel also being a target to cyber-attacks in the national dimension. Cyber criminals are becoming sophisticated in their methods of stealing data, committing fraud and extorting money. At the same time, there is an increasing threat by statesponsored cyber-attacks and by related groups of hackers, which threaten critical infrastructures or attempt to steal valuable data or commercial secrets from companies. Cyber incidents are increasingly leading to legal proceedings, including securities and class actions involving consumers. Information and IT breaches might lead to third parties accruing large scope liabilities, due to affected clients or shareholders who wish to recover losses from companies.

The Phoenix provides cyber insurance (information security), which includes cybercrimes and digital threats to Israeli companies; the policies cover first party losses (for example a business disruption, recovery, and crisis communication), and third-party losses (for example, data, breaches, network disruption and issuance of notices).

Through these specialized tracks, individual Israeli investors gain access to a sophisticated global fund

Access to investment management at an international level

Our financial offerings provide clients with a wide range of innovative products. In 2022, we introduced the first of its kind option in Israel, allowing clients to have their investments managed by leading global asset management firm **BlackRock**. We launched three global investment tracks for this product: The Phoenix BlackRock General, The Phoenix BlackRock Bonds, and The Phoenix BlackRock Foreign Shares. Through these specialized tracks, individual Israeli investors gain access to a sophisticated global fund with informed exposure - an opportunity that was previously only available to qualified, high-net worth investors. The track is available for investment policies (not provident funds) and is managed through a partnership with Phoenix, making the process easy and accessible to local investors. The insurance magazine Adif crowned the plan Product of the Year for 2022 in the finance industry. In these tracks, as of December 31, 2023 approx. NIS 2.5 billion are under management.

Smart retirement - the Shekel Group

In order to support clients nearing retirement age, we held this year a "Smart Retirement Preparation" conference, which was aimed at clients of the Shekel insurance agency, and who reached the age of 60, as well as their spouses. This year, the conference was held for the third consecutive time, as part of the Company's vision to support its clients during the most significant points in their lives, and in maximizing the options available to them, even after they retire. As part of the conference, lectures were held focusing on a range of relevant contents pertaining to tax, legal and finance issues, the economics of happiness and retirement as an opportunity.





Financial inclusion for religious people

As part of The Phoenix group's aim to appeal to clients from a range of populations and audiences, Group offers Halachacompliant tracks, compliant with certain Kashrut requirements of Jewish law. Uniquely in Israel, it also offers Sharia-compliant tracks that adhere to requirements and prohibitions under Islamic law (such as substitution of acceptable alternatives for interest; avoidance of investment in assets involving alcohol, gambling, tobacco, etc.). These tracks are designed to make The Phoenix's products accessible to all population groups, and assist increase the financial inclusion of population groups with unique characteristics. Thanks to this inclusion, members of the group, who - so far - have not used some of the financial services offered to the general public, will be able to become "part of the game", save for the long-term under attractive tracks, and improve their economic wellbeing.

These tracks are designed to make The Phoenix's products accessible to all population groups, and assist increase the financial inclusion of population groups with unique characteristics.

The Halacha and Sharia-compliant tracks provide these population groups with a solution, which is in line with their faith and the specific needs thereof; they also increase those groups' awareness of the advantages of savings and pension products. In the tracks for religion-observant clients, as of December 31, 2023 approx. NIS 1.2 billion are under management.

Gold Loan for senior citizens

Another unique product focuses on the senior population - a fast-growing segment of the Israel population. The high cost of living in Israel forces many adults to face new challenges, while trying to balance financial support for their families and maintain the standard of living to which they are accustomed. The Gold Loan is an all-purpose loan designed for people over the age of 60 who own their own home and are planning for their family's future. This product can be used to help adult children buy an apartment or to pay for higher education, or to renovate/protect a home to make it more suitable for the older population, or move to assisted living without using liquid savings, etc. A dedicated business unit was formed by The Phoenix to manage the program and assist more than 1,000 clients with Gold Loans at the total amount of more than NIS 400 million.

KSM ETFs – making responsible investment accessible

KSM ETF, a Phoenix group company, is one of the leading mutual fund companies in Israel. Since its founding, Kesem's goal is to More than 1,000 senior clients with Gold Loans in total amount of NIS 400 million that gives them the opportunity to plan for their family's future.

make investments in the Israeli capital markets a more simple, fair, accessible and more transparent process. As part of its vision, and in order to make investment in socially responsible companies more accessible, simpler and more transparent, KSM offers a selection of ESG-oriented funds. As of the end of 2023, total assets under management in those funds amounted to approx. NIS 120 million.

As of the end of 2023, total assets under management in those funds amounted to approx. NIS 120 million.

Examples of ESG-oriented funds:12

→ KSM Active (B4) Israel Equities ESG – Invests in securities traded in Israel, based on a dedicated model that examines parameters including high correlation between ESG criteria of

the examined company and the expected return on investment of the securities it issues. Securities are selected that reflect below-average ESG risks and above-average ESG potential, relative to all of the securities examined using the model.

- → KSM KTF (4A) TA Maala Tracks the TA-Maala index. The index consists of shares of public companies that are part of the pool of equities and are included in the Maala corporate responsibility ratings, which examine social, environmental, ethical, and governance criteria.
- → KSM ETF (4D) ISE Clean Edge Water Tracks an index, which consists of companies with the highest market capitalization in the water industry, listed on the NASDAQ, AMEX and NYSE.
- $\,\rightarrow\,$ KSM KTF (4D) Index Climate Change Solutions (4D and KSM ETF (4D) Index Climate Change Solutions - Funds tracking the Index Climate Change Solutions Index. The index is designed to reflect the performance of companies listed for trading in developed markets that work to mitigate and ameliorate the harmful impacts of climate change

^{12.} A brief description, all in accordance with the provisions of the law and the terms of the fund; for further information, see the fund's prospectus at the date of acquisition and the immediate reports in effect. The fund manager is KSM Mutual Funds Ltd. (hereinafter- the "Fund Manager").







Financial education – Training Responsible Investors

Financial-market trading has become sought-after and accessible in the last few decades. The range of ages of traders is also expanding. Currently, young adults trade on the capital market as early as 18, along with people over the age of 70. Thus, the profile of today's potential investor – particularly in the context of independent trading - is effectively anyone. The Phoenix endeavors to make financial knowledge accessible to the general public. The company sees high societal value in people's grasping and understanding fundamental concepts and knowledgeably managing their finances, and in encouraging long-term savings.

As stated above, nowadays many young people engage in trading activity on the capital market and wish to expand their financial knowledge. In order to make financial education accessible to those young persons too, The Phoenix has set up a dedicated TikTok page, with a series of 13 videos filmed in collaboration with influencers; the videos were very popular, with approx. 10 million views on TikTok. The videos were subject to internal control by the legal department in order to verify that the information they contain is reliable, fair and in line with regulatory requirements for marketing by the Company. The influencers themselves are young people, who are involved in the capital market or manage

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Using tutorials, webinars for various levels, background materials, and helpful videos, the Excellence Trade platform by The Phoenix Investment House offers a broad range of information and knowledge to the public, from basic concepts to advanced transactions, technical analysis, and operations. An example of this activity is the series of videos, openly available on The Phoenix Investment House's website, explaining fundamental economic and investment concepts (such as inflation, interest, dividends, shorts, and splits) in a clear and communicative way.

their own company; they represent a range of genders and communities, and the videos deal with the "hottest" topics, which are most relevant for young persons.

Alongside this, in 2022 The Phoenix Investment House launched the RuppInvest program, in partnership with Ruppin Academic College, which continued in the past years too. RuppInvest is a joint fund of the Ruppin Academic College and The Phoenix Investment House. In this framework, more than 100 students

completed the "International Investment Fund" course as part of the MBA program, and further 100 students completed a corresponding course with an emphasis on investments in Israel offered by the Economics and Business Administration department as part of BA studies.

The fund is under the management of the students, supervised by a steering committee, which is in charge on setting the investment portfolio policy. The steering committee comprises members of management and members of staff of the Ruppin Academic College, and senior executives from The Phoenix Investment House. At the end of each course, the committee assesses the students' performance in a festive event. Revenues from the fund go towards student aid scholarships, with the remaining profits invested back into the fund.

The RuppInvest fund invests in companies with managerial, social and environmental responsibility, and focuses on conferring knowledge on ethical responsibility of investors and companies. During the courses, members of the steering committee and students discuss the ethical, economic, and legal aspects of the various investments.

Every year, the students visit The Phoenix's Investment House, receive a tour of the trade rooms and hear lectures of Company's managers. In this manner, we assist to educate a new and experienced generation of investment managers, and expose them to the practices, technology, and ethics of this field.



New advanced health insurance products

Pregnancy coverages: Since the beginning of 2024, pregnancy coverage was revised in the "consulting and tests" plan. As part of the new plan, the services provided under the pregnancy coverage shall be provided to any policyholder, even if they do not carry the baby themselves, provided that they have a direct link to the pregnancy. For example, a man and a woman, who are both insured by the Company under this coverage, shall be eligible - individually - to reimbursement of expenses subject to the insurer's liability limit, and in accordance with the terms and conditions of the coverage. Other examples of reimbursement of expenses: A man, who is insured under this coverage without the woman who carries the fetus, same sex couples, who are insured under this coverage, or clients, who are insured under this coverage, and have in place a shared parenting agreement, all subject to the full terms and conditions of the policy and its exclusions.

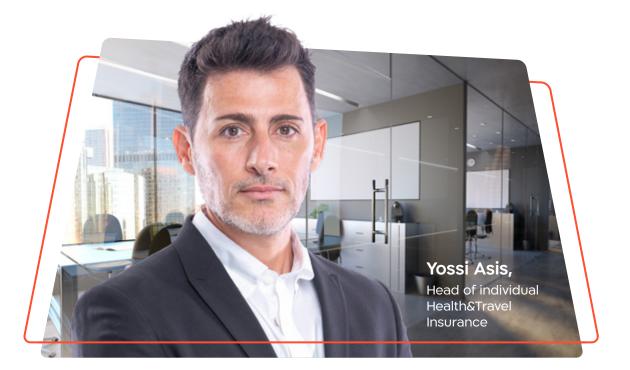
The center of The Phoenix's experts for Supplementary SHABAN surgical procedures policies: As part of the new service, the policyholder's SHABAN rights are assessed by The Phoenix's experts, who also assist to identify SHABAN surgeons to be selected by the policyholder. Furthermore, the payment of deductible in the SHABAN is carried out prior to the surgical procedure, in a way that makes it easier for the patient during the recovery period.

Surgeons locator: This year, the Company improved the surgeons locator, which assists to find surgeons who participate in the arrangement with The Phoenix. Currently, the information about the surgeons is more accessible, both to the client and to the insurance agent. The locator is open to the public and accessible to any person who searches the web. As part of the efforts to make the locator more accessible, the Company improved its visibility, such that it is simpler and more convenient to use. The surgeon's card is more detailed, and includes a photo, the clinic's details, information about the surgeon, a link to their website, specialties, etc. So far, approx. 750 surgeon cards out of the total number of surgeons on the website were revised to comply with the new standard. In order to make the search for a surgeon more accurate, we added two new search fields (sub-specialty and selection of the type of surgical procedure). In addition, in order to increase transparency in dealings with the policyholder,

Upon the outbreak of the Iron Swords War, the Company provided support and expedients in connection with collection of insurance premium, and rescheduling of debts to clients, who serve as army reservists, or clients, who were evacuated from their homes, or following an approach by family members of clients, who are missing due to the War and its circumstances. Furthermore, for this population group, the Company extended the period for joining collective health insurance without a health statement. In the dental insurance subsegment, the Company extended automatically approvals issued to clients, whose policy expired and were unable to utilize them since the clinic was closed due to the War.

the Company added an option for the policyholder to view their balance of entitlement for consultations with specialist physicians.

Riskwell was introduced in 2019 as a unique risk insurance product that rewards clients for maintaining their good health. People who can demonstrate their good health receive a discount up to 35% for the first three years, and if they choose to continue with the benefit and can demonstrate their continued good health, they receive a 35% discount for the next three years. Today, approx. 26 thousand active policies encourage and reward clients for maintaining a healthy lifestyle.







Promoting road safety

Motor insurance for disabled persons is accessible for clients of The Phoenix through **Shekel Group agents**, which provides unique services for drivers with limited mobility, including: a significant discount in the premium, assistance with and benefiting from rights related to government bodies and institutions such as the National Insurance Institute and the Ministry of Defense, and flexibility in options in the policy (for example: choice between a replacement car and a taxi in the event of an accident). **More** than 150 such policies are issued through Shekel Group agency every year.

The Phoenix Young is on-demand motor insurance for young drivers. It is based on a personal mileage bank that is activated only when the vehicle is driven by the young driver. This was done through a dedicated app using an innovative technology, which encourages safe driving by documenting safety incidents of the driver, such that the parent will be able to view reports on speeding data, sharp turns, sudden braking, etc. The young driver policy is separate from the vehicle policy of the parents, such that in the event of an accident, the claims history in the parents' policy remains clear.



Investments







Responsible Investments

The Phoenix is an investment, insurance, and finance group, with the most assets under management in Israel, totaling approx. NIS 433 billion (as of December 31, 2023). In recent years, The Phoenix has expanded its existing policy of responsible investments, such that alongside the actual investment considerations, ESG aspects are also taken into consideration, including and as relevant, climate change, human rights, employee benefits, board of directors quality and performance, board of directors diversity, and so on, alongside the risks arising from digitization and technology, such as cyber risks, information security and privacy protection. These considerations are broad and diverse and are weighed up as part of the overall investment considerations, and their relative importance might vary from investment to investment in accordance with the nature of that investment, including the return to be gained from it. These considerations are taken into account alongside, of course, the fiduciary duty of loyalty that we owe to our clients, as well as making investments with a view to attaining the optimum returns for our stakeholders. We believe that taking ESG issues into consideration when investing can promote positive processes in the medium term, while enabling us to successfully manage risks and leverage opportunities to bring value to the Group's clients.

The Phoenix is the largest investor in Israel with NIS 433 billion (as of December 2023)

It is clear that it takes time to develop, design, and implement investment processes that encompass ESG risks. These processes often also depend on third parties, including our investee companies, which maintain differing levels of transparency. To provide a solution for the lack of transparency, our examination of companies is informed by their external ESG ratings, an important tool for identifying red flags, which enables us to engage in deeper dialogue with the companies on these topics. We accord great importance to the examination of the data and information gathered, as well as to dialogue with the target companies under review for investment. Through dialogue and by voting at general meetings of our investee companies, we have the opportunity to shape their corporate governance, aspire for them to manage their material ESG risks and act with transparency in relation to the stakeholders, raise their awareness of environmental and social issues, and improve their impact and their preparedness for processes such as the transition into a low carbon economy.

In general, The Phoenix invests responsibly to protect Israel's economic and energy resilience. Moreover, The Phoenix works to identify "impact investments", namely investments designed to create a positive, measurable social and environmental impact, alongside financial profit. We believe that by gathering information and conducting dialogue on this topic we can raise companies' awareness, initiate processes to improve ESG-related transparency and management and support a gradual transition to a low-carbon economy. For further information about our responsible investment policy, see here.





Measuring Emissions in the Managed Portfolio

In 2023, for the first time, The Phoenix conducted a comprehensive calculation of the carbon footprint of 100% of its managed assets portfolio for 2022, which amounts to approx. NIS 370 billion. Measurement of the carbon footprint is of tremendous importance, both from an environmental and economic point of view. This measurement provides The Phoenix group with a tool for monitoring, measurement and determining policy regarding the environmental effects of its investment activity, and thus facilitates informed decision making with regard to its capital and asset management.

Calculation of the carbon footprint was carried out using the international PCAF (Partnership for Carbon Accounting Financials) methodology for the following financial assets: liquid bonds, liquid equity, illiquid equity and financial loans. The rest of the financial instruments were calculated using a development of a BDO methodology based on basic assumptions of the PCAF methodology. The BDO methodology was developed in order to contend with the challenges involved in calculation of the carbon footprint of compound financial instruments.

32 Tons CO2eq per NIS million of investment and total of 11,838 thousand tons CO2eq for 2022 portfolio.

The measurement was carried out in 5 main stages: collection of the database, applying key working assumptions in accordance with the nature of The Phoenix assets portfolio, measurement of the carbon footprint at the level of the investee company/ borrower, weighing the carbon footprint attributable to The Phoenix group using industry-wide attribution factors, and estimation of the carbon emissions intensity at the company/ product level and the entire portfolio. For companies having received a loan/investment in excess of NIS 100 million, the measurement was made on an individual basis for each company. For companies having received a loan/investment less than NIS 100 million, an aggregate measurement was made using industry-wide factors, in accordance with the PCAF standard.

The data quality score for the entire assets portfolio is 4.5 and was determined in accordance with the degree of accuracy of the data used.

Asset portfolio emissions as measured according to the PCAF standard and development of the BDO methodology is 11,838 thousand tons CO₂eq. The emission intensity is 32 tons CO₂eq per NIS million of investment.

The measurement for 2022 shall constitute a baseline year, which shall be used for comparison of carbon footprint measurement findings in the years to come. In this manner, it should be possible to identify trends and examine the extent of implementation of the Company's policy on reducing its carbon footprint over time. In addition, the carbon footprint measurement will aid The Phoenix group in making informed decisions regarding its investments, while taking into consideration the environmental effects of its activity. This analysis enables the Company to map out both the risks and business opportunities arising from climate change and the transition to a low-carbon economy.



Introduction

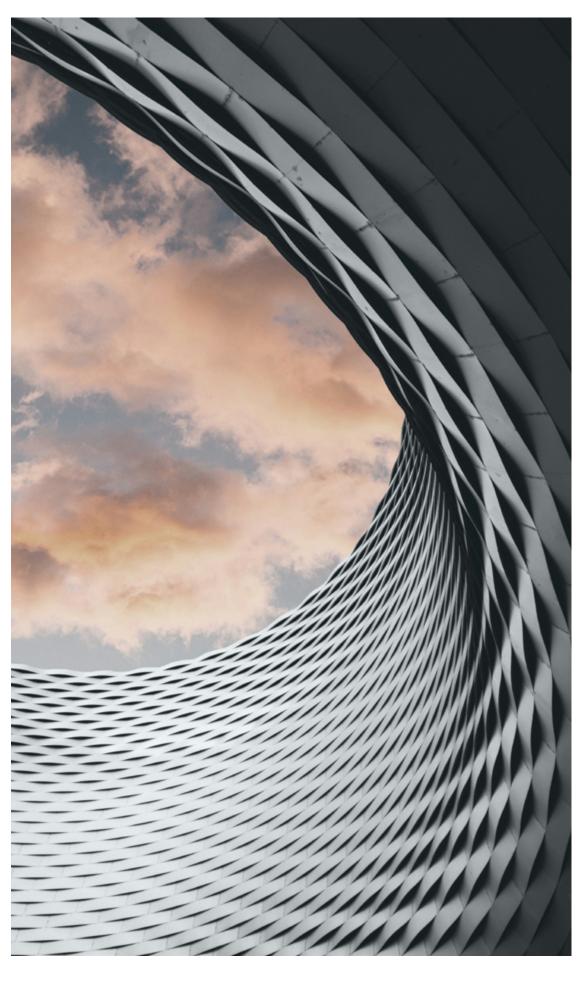
Applying ESG Risks to Investments

The Phoenix group believes that ESG investments are able to set in motion positive environmental and social processes alongside risk management and engaging in good investment opportunities. Accordingly, The Phoenix group shall aspire to ensure that the companies in which it invests manage their material ESG risks and should act with transparency in their dealings with stakeholders.

The Phoenix group is committed to integrating ESG considerations in the decision-making process regarding investments. These considerations are examined alongside economic, business, taxation and other considerations. The Company has a responsible investments procedure that is updated annually. Its purpose is to ensure that analysis of companies is conducted in accordance with ESG risks. This is in addition to compliance with the Israel Securities Authority directive to fund managers and large licensees regarding the integration of ESG considerations in investment decision or risk management processes.

The findings of the ESG ratings in active investments accounting for approx. 85%¹³ of the portfolio in the various financial instruments, are weighted according to the sector to which the investee company belongs. If necessary, we are aided by an external opinion from expert consultants to gauge the risk level and ascertain compliance with the ESG threshold. This information is added to the background materials gathered for the organizations charged with examining and approving the transactions, including the investment committee and the credit committee. If high ESG risk is assessed, the issues are discussed by the various committees, as with other risks.

We are committed to integrating ESG considerations in the decision-making process regarding investments.



Investments in publicly-traded (liquid) companies

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The Phoenix group works in conjunction with a professional consultancy firm with considerable experience in the field of ESG. Companies in which The Phoenix currently invests or intends to invest in the future undergo an extensive evaluation process tailored for each specific sector, including examination of the policy papers, management methods and reporting regarding their ESG-related performance, encompassing examination of five key parameters set forth below:

- A. Valuation of the company's conduct according to environmental, social and corporate governance parameters. Corporate Governance is checked in relation to issues of anti-corruption and also in relation to the board of directors' functioning and independence; environmental aspects include, among other things, reference to climate change assessments and strategy, safeguarding biodiversity, mitigating emissions, and so on. In terms of social aspects, people management, diversity and preservation of human rights, client management, sustainable procurement, and so on.
- B. Irregular events the ongoing monitoring of events in which the company is involved, the assessment of their severity and the company's conduct in addressing them;
- C. Climate risks assessment of the company's readiness to address this issue and its efforts to mitigate their effect;
- D. Examination of investment in a company operating in fields deemed to be sensitive from an ESG perspective when considering investment in investee companies operating in such fields, the Company shall place special emphasis on the investee company's conduct in relation to the provisions of the regulatory requirements applying to it, and as such, implementation of mechanisms to mitigate any negative effect on the environment and society as applicable, while

- comparing this with other companies operating in this field and relevant reference benchmarks (pollution and emissions metrics, etc.).
- E. Positive products and services: mapping of services and products that comply with the UN's Sustainable Development Goals and are relevant to the activity of the business sector.

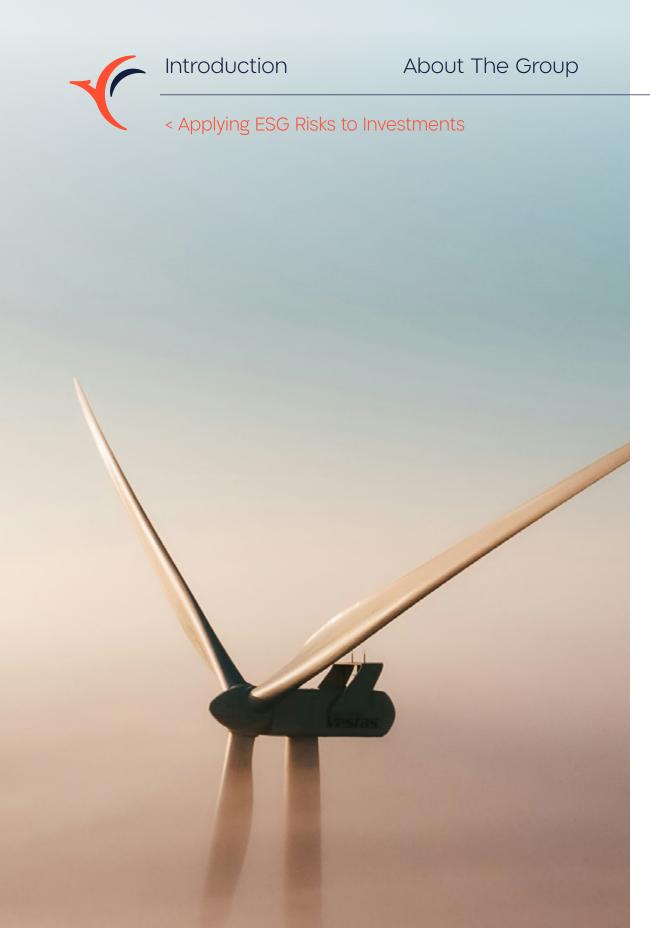
It is noted that the first three aforementioned parameters shall be weighted in the Company's final ESG score, while the last two parameters shall serve as tools for screening and prioritization.

This process enables us to obtain a full picture of their ESG risks and how these risks are addressed. The Phoenix group's ESG policy aspires to limit, as far as possible, investment in securities of corporations with a low ESG rating. To this end, a minimal ESG rating threshold has been set, and if the potential investee company does not meet it, then senior-level approval is required from those involved in this process as well as a specific discussion on this issue, in order to implement the investment.

The Phoenix group has a knowledgeable and highly-experienced internal research department, and by research conducted by leading research bodies in Israel and abroad. The Phoenix group attributes tremendous importance to integrating ESG considerations in the investment decision making process. Indepth analysis of companies according to these criteria, using a dedicated procedure, enables the Group to invest responsibly while taking into consideration ESG-related risks and opportunities.

Concurrently, the overseas liquid investment portfolio is examined on a half-year basis with the UK asset management giant Schroders, which reviews ESG risks in the portfolio and flags high-risk investments.





Private equity investments

In private equity investments (PE), target companies are required to complete a due diligence, sector-specific questionnaire designed to examine various ESG aspects, similar to those considered in investments in publicly traded companies. The questionnaire, written and updated by The Phoenix group, covers a large number of topics, such as the degree of independence and qualifications of the board of directors; the percentage of women in senior management; consolidation and separation of roles and responsibilities; handling of conflicts of interest; strategy; supervision and policymaking; the audit committee; compensation; disclosure and transparency; environmental protection activities; climate change assessments; emissions measurement; environmental violations; compliance with employee benefits; gender diversity in management, ethical conduct in the organization, etc.

For PE investments made via external managers and/or funds, the ESG aspects' examination process additionally includes examination of the portfolio companies' compliance with the requisite standards in accordance with the direct investments that we make.

The energy sector - power plants

As institutional investors, we invest in large-scale private projects around the world, including the construction of infrastructure and power plants. We require our investee companies to fill in a corporate governance questionnaire with questions specifically relating to their ESG risks. The performance in relation to ESG benchmarks influences the project's rating and our decisions to invest in it.

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The risk assessment in each project is subject to various levels of regulatory supervision, including environmental standards and checks. These regulatory issues are meticulously examined, as they might have an impact on the activity, the production

The goal is to raise awareness of the importance of this issue and clarify that safety deficiencies affect borrowers' credit ratings.

level and the operating costs at the facility and could even be indicative of a higher potential for disruptive technology or other technological alternatives.

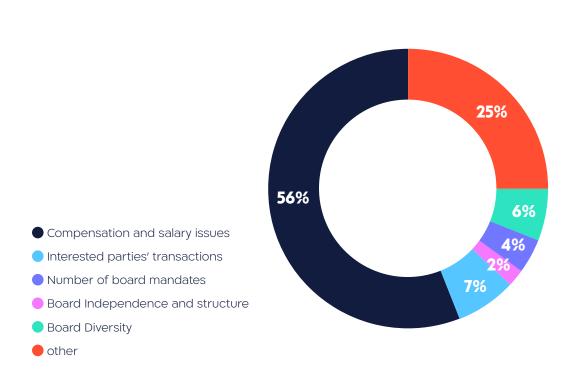
For large power plant projects, we ask potential borrowers to respond to important questions on their ESG performance and on regulatory topics. We develop these questions in accordance with the technical consultant's recommendations.

In view of the **safety incidents** at construction sites over recent years, we have added a question on occupational safety to the credit rating model form completed by every construction entrepreneur or contractor company as a prerequisite for financing. The goal is to raise awareness of the importance of this issue and clarify that safety deficiencies affect borrowers' credit ratings. According to the rating model, companies that have had no substantial safety incidents or workplace accidents in the three years preceding their application, participate in the Safety Stars program by the Israel Builders Association, and rigorously maintain procedures and incentives to improve safety receive higher scores.

Active Engagement

Voting to Promote Governance

ntroduction



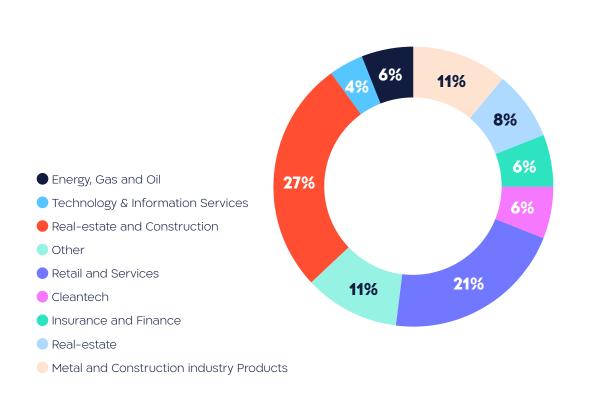
From The Phoenix's perspective, the role of the institutional entities is, among other things, to take action to improve corporate governance in publicly-held companies, which they hold. The Phoenix takes an active approach to responsibility and being significantly involved in its material holdings, with the understanding that the involvement of institutional entities is an integral part of their role of improving the investments, protecting investors in publicly-held companies, and developing the capital market.

governance and responsibility in the companies in Israel, on a variety of topics, for example: The Phoenix group has objected and even proactively approached companies, resulting in changes to the compensation policy and/or officers' terms of service, such that they will be consistent with the principles set out in the Voting Policy. We have thoroughly examined appointment of external directors and objected to such appointments where they were not in line with its Voting Policy for qualitative and

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involvement of institutional entities is an integral part of their role of improving the investments, protecting investors in publicly-held companies, and developing the capital market.

Active Engagement and Voting by sector



As an institutional investor, we have the ability to influence the shaping and improvement of the corporate governance of our material portfolio companies, among others, by voting at general meetings. The Phoenix was the first company in Israel to adopt a policy on independent voting at the meetings of its investee companies. We participate in hundreds of votes every year. Although most are on technical matters, a substantial part of the votes contributes directly to better corporate governance. In 2023, we participated in approx. 880 general meetings in which we had an impact on 52 votes to promote corporate

In 2023, we participated in approx. 880 general meetings in which we had an impact on 52 votes

pertinent considerations. In addition, The Phoenix group took steps to offer a position of an independent director in order to achieve gender diversity in its boards of directors, together with the appointment of additional independent director, where it believed that action should be taken to bolster the Board of Directors' independency.

For further details regarding our policy on voting at general meetings, see here.

Along with voting at assemblies, as noted, we have the power to have an impact through our ongoing dialogue with the companies, both before and during investment. In 2023, we selected several companies listed on the TASE, and we initiated engagement and fruitful dialogue to improve the Company's transparency on ESG topics, particularly improving and promoting preparedness for transition to a low-carbon economy.





Case Study: Megureit

This is a prime example of The Phoenix's active engagement, as it has acted to promote good corporate governance in the long-term residential rental sector in Israel.

Megureit is a residential real estate investment trust (REIT). The REIT Fund is a management company that charges management fees as a percentage of the total assets under management. This structure creates a conflict of interest in view of the fact that the management company gains immediate benefits from each acquisition of property and an increase in their scope.

At the same time, the management agreements in the Fund are approved once every 7 years and Megureit charged a relatively high percentage for its management fees in relation to the accepted market norm. The Phoenix carried out a number of attempts to promote a dialogue regarding reduction of the management fees prior to the expiry of the original agreement (which was scheduled for 2023). These attempts did not produce any results and the Fund unilaterally approved a new 7-year management agreement without raising this issue for voting at the general meeting.

The Phoenix refused to give up and decided to adopt a highly unusual step, when it convened a meeting on its behalf to amend the company's articles of association and replace its directors. This step led the company to engaging in renewed negotiations on the management agreement and following drawn-out talks, we reached agreements that included a significant reduction of the management fees from 0.85% to 0.45%, and an incentive mechanism was added involving share allocation to the management company pursuant to its performance. Furthermore, it was resolved to embark on an effort to improve corporate governance, including expansion of the board of directors and the appointment of additional external directors, as well as obtaining approval from the general meeting for any future agreement with the management company. The agreements are for the good of all the stakeholders and also maximize return for the shareholders. In addition, these measures serve to promote the long-term residential rental sector in Israel, which later on led to updating of management fees and management agreements in additional market-traded REIT funds, after new standards were established subsequent to The Phoenix's intervention in the Megureit case.

Active outside of Israel

Another important process is a pilot project we launched in late 2022, unprecedented even among institutional investors in Israel, for voting at foreign companies in which The Phoenix has significant holdings (over one percent, at an investment of at least USD 50 million). In 2024, The Phoenix group intends to vote in foreign companies in which The Phoenix group has a significant holding, based on a policy for voting in General Meetings abroad, which the Company intends to adopt. To this end, The Phoenix group contracted a leading global consulting company for the provision of voting operation and analysis services. The review received from the consulting firm will be submitted to a special-purpose unit at The Phoenix, which is responsible for reviewing the information in the review, conformity or non-conformity with the voting policy that was drawn up, and for approving the manner of voting in the investee in accordance with the Company's existing procedure.

In addition to the aforementioned, as part of its fiduciary duty towards its clients, and as a shareholder of global companies, The Phoenix takes part in class actions filed in the United States (as a lead plaintiff or class member, or by filing a separate individual claim) concerning regulatory breaches that have caused damage to the shareholders. As such, The Phoenix works to mitigate the damage of share value declines, promote global ESG policies, and **enhance international corporate governance.** At the date of this report, The Phoenix is a lead plaintiff in 6 class actions in the United States.

Introduction

Impact Investing

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Impact investments are investments in companies, ventures, projects and funds with a view to generating a measurable social or environmental return on investment, alongside an economic return. These investments constitute a new way of looking at investments by relating to a double profit line - that takes into consideration and measures both the financial as well as the social and environmental potential.

At this stage, we measure the extent of the investment that we have made, to see that it does indeed provide an environmental return in addition to an economic return, and in order to do so we turn to the principles of the Israel Taxonomy Initiative (ITI) launched by the Ministry of Environmental Protection.

10 NIS billion green investments

Currently, the Israel Taxonomy Initiative (ITI) is still in the draft stage but it is based on the EU Taxonomy, which is also anchored in the EU laws and is in sue with the leading European companies. The taxonomy enables various economic activities to be classified according to their impact on defined environmental objectives, the main ones being the two climate objectives of mitigation (the reduction of GHG emissions) and adaptation (preparing for the climate changes and their effects).

Taxonomy is of tremendous importance in order to enable professional, uniform, agreed and relevant classification of economic activities in accordance with the degree of their contribution to the environment, and as such it constitutes an additional component in the effort to reduce the risk of greenwashing.

Based on the principles of the draft Israel Taxonomy Initiative (ITI), The Phoenix classifies the industry sectors in which it invests into four categories: neutral, green, sensitive, for examination. Thus, for example, various renewable energy companies are classified as "green" activity, while fossil energy companies are classified as "sensitive" activity. In the classification process of companies defined as "for examination" a detailed examination is conducted by The Phoenix investment managers in charge of the investments in those economic subsegments/those companies. Companies for whom classification has been carried out in the past are automatically classified in the same category, while companies that have been classified in the "green" category are required to undergo revalidation by the investment managers.

Pursuant to the classification we conducted, as of the end of 2023, more than 90% of our investments are neutral. At the same time, we have invested approx. NIS 10 billion in green investments with a positive environmental impact by a variety of financial instruments

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Environmental impact

The Phoenix group has a long history of investing in projects and companies that have a beneficial environmental impact. Among other matters, these investments contribute to the transition to a low-carbon economy, the global energy transformation, and the development of a domestic green economy.

■ Renewable energy: investment of approx. NIS 6.8 billion

In the field of renewable energy, including solar energy, wind energy, pumped energy, etc., The Phoenix invests in all stages of the project, commencing from the development and initiation stage to the investment in the shares of companies in that field.

Among the investments in this field, we can point to Apollo Power, a publicly-traded company that develops flexible solar film panels using unique technology. The Phoenix is the largest institutional investor in the company with an approx. 10% holding in the company.

The investment funds were used, among other things, to set up the first plant in Israel and the largest one in the world for the production of 190 MW of film panels, which was inaugurated this year.

The flexible film panels have uses in diverse fields, among other things, floating solar panels on reservoirs, electric vehicles, roofs and logistic facilities in which the current infrastructure does not enable the installation of a regular solar panel.

■ Desalination and water purification: investment of approx. NIS 2.6 billion

Desertification and the shortage of water are climate change phenomena that are of serious global concern. For several decades now, Israel has been at the forefront of development of solutions for desalination, water recycling and purification. The Phoenix has played a significant role in the promotion and development of this field via investments in private companies such as IDE – a global leader in the development of water treatment solutions, alongside investment in publicly-traded companies and organizations such as Igudan – the largest wastewater treatment plant in Israel as well as one of the largest water recycling plants of its kind in the world. In 2022, The Phoenix provided approx. NIS 800 million in funding for the restoration and renovation of the desalination facility in Ashdod, which has a maximum production capacity of 140 million m³.

■ Enhancing energy efficiency: an investment of approx. NIS 190 million

Energy efficient solutions lead to a reduction in both the significant costs and dependency related to energy from the main grid. The improvement in energy efficiency is widely recognized as the most effective solution in terms of costs with a view to reducing GHG (greenhouse gas) emissions.

During 2023, we have more than doubled our investment in the field of enhancing energy efficiency by investing in international companies specializing in this field, such as: SEEIT and KBI.

In Israel, we provided credit to Meshek Energy-Renewable Energies Ltd. to purchase the Eshkol power plant, in order to improve the plant's energy efficiency.

■ Waste management, foodtech, cleantech and additional fields: an investment of approx. NIS 275 million

A variety of companies and projects to generate energy from waste, foodtech and sustainable agriculture, and more.





Environmental impacts in real estate

As part of its investment portfolio, The Phoenix group has holdings in several property development projects, in Israel and abroad. At existing properties where we are the controlling shareholders, or have significant holdings that confer influence, we have implemented environmental protection initiatives such as installing solar panels and electric-vehicle charging stations, adding air purification and energy consumption improvement systems, replacing chillers, installing lighting systems, and more.

Thus, for example, towards the end of 2023 we launched a project for the large-scale renovation, with a green construction standard, of the Carré Champeret business complex with 4 office blocks located in the Levallois-Perret suburb of Paris, which was purchased as part of a co-invest with the RedTree Capital private real estate fund.

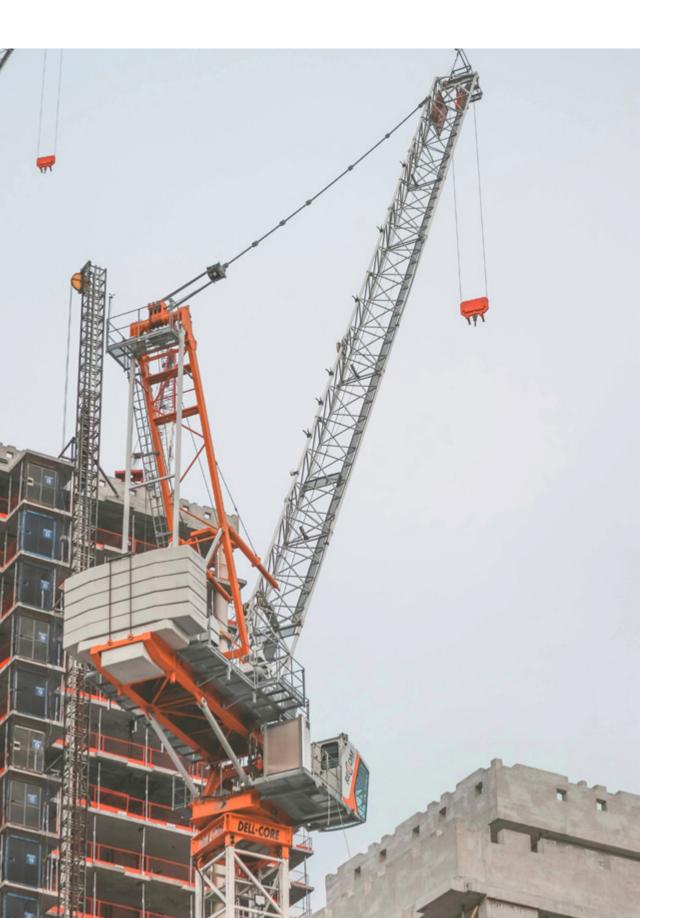
The project is in the implementation stages and is scheduled to be completed in 2027, such that the building will have a positive effect on the Company in a number of ways. More than 4,000 sq.m of green space will be created, which will constitute a new habitat for diverse species, such as food for bugs and birds. The renovation will contribute to the reduced emission of harmful gases to the climate, and 80% of the waste created will be used in the project - 37% will be recycled for use in the construction itself and 43% will be recycled outside of the construction. The renovation will lead to a reduction in approx. 1,686 tons of carbon gas emissions and 420 tons of waste. In the financial plan, we decided to use low-carbon concrete, environment-friendly external insulation as well as long-term and efficient construction. Construction of the insulation will include an external thermal system that will have an impact on the thermal comfort inside the

building. Window blinds will absorb the infra-red radiation and convert it into heat, and by using a quality cloth it will be possible to significantly reduce the internal temperature without having to use the air conditioning system. The use of a rooftop garden will implement the design of sustainability on the balconies, and this choice will reduce the effect of the urban heat islands and will lead to a much cooler environment in the summer. The heat and cooling devices will be based on low energy consumption systems, which will reduce the building's energy consumption and its carbon footprint. The water consumption in the building will be limited and monitored for the prevention of leaks and the sanitary equipment will boast effective water consumption. Furthermore, cutting-edge irrigation systems have also been designed. The construction performance will also be monitored, as well as recommendations for the property manager regarding the appropriate use of the spaces, a reduction in operational costs (energy, cleaning), automatic modifications, warnings to the building's staff when problems occur that can be automatically repaired, proposals for tools and parts that should be able to assist the staff members in carrying out the work quickly, and preparation for maintenance forecasts.

Energy consumption reduction efforts have been carried out at most of our buildings, with half of the overseas properties are certified green buildings (LEED/ Breeam).







For current new construction projects, we engage with environmental consultants to incorporate sustainable design and planning initiatives.

The Phoenix's new compound in Rishon LeZion is expected to earn LEED Silver certification; The Phoenix Art building in Beni Brak has been granted LEED Gold certification..

Half of the overseas properties where we have substantial holdings are green building certified (LEED/Breeam). Energy consumption reduction efforts have been carried out at most of the buildings, and systems have been installed to cut back additional environmental impacts of the properties; these include water recovery systems, waste separation systems, sustainable transportation infrastructures, and more.

Concomitantly, in 2023, as part of the Group's partnership with the REALITY real estate investment fund at the Arena Mall in Herzliya, and as part of our activity to promote the integration of sustainable technologies and innovation to improve the real estate industry, we took part in the judges' panel at the Arena Challenge Conference. The event included a showcase session, in which tech companies presented to investors, developers, local municipalities, companies, businesses and the Arena, smart solutions to the municipal challenges in the field of sustainability, energy and contending with global warming. Alongside the showcase, discussion panels were held on those topics.

Among approx. 50 startups that submitted their candidacy with trailblazing solutions in the field of climate and energy tech, the compact, modular system of Zohar Cleantech was selected. The system offers a revolutionary solution for treating waste and trash: the entrepreneurs presented a system that is capable of converting large volumes of non-sorted waste into a readilyavailable energy source for diverse uses.

The system may be installed adjacent to locations with waste concentrations and thus provide a significant saving in waste collection costs, its transportation and landfilling, and thus reduce carbon emissions. Winning the competition provided the winning company with an opportunity to hold a pilot at the Arena Mall complex in order to examine the development at an active property.

We are actively promoting the integration of sustainable technologies and innovation to improve the real estate industry.



Social impact

Beyond environmental value, our investments have the power to drive social change. We support community development and have invested in projects for preserving the resilience of the communities being built on social media via an investment that we made back in 2021 in Active Fence. The company has developed techniques from the intelligence world enabling it to assist social media in analyzing posted content and removing abusive content such as support of terrorism, incitement to violence, sexual harassment, etc. Its clients include some of the largest professional social media networks in the world. In addition, we believe in the development of digitization as a way to improving accessibility and efficiency. Thus for example, we invested in Accessible – a company which has developed a rapid and readily usable web accessibility solution, such that any digital asset may be made accessible to those sectors of the population with diverse disabilities, in keeping with legislative requirements in Israel, the US and Europe.

Phoenix is the largest investor in Ogen, a social loan fund (SFDR Article 9). Ogen operates as a non-profit lender aimed to make credit accessible to underserved populations.

In our real-estate investments, where we have substantial holdings in the projects, we have implemented initiatives to promote community development and outreach, such as community activities at shopping centers in cooperation with local authorities and NGOs.

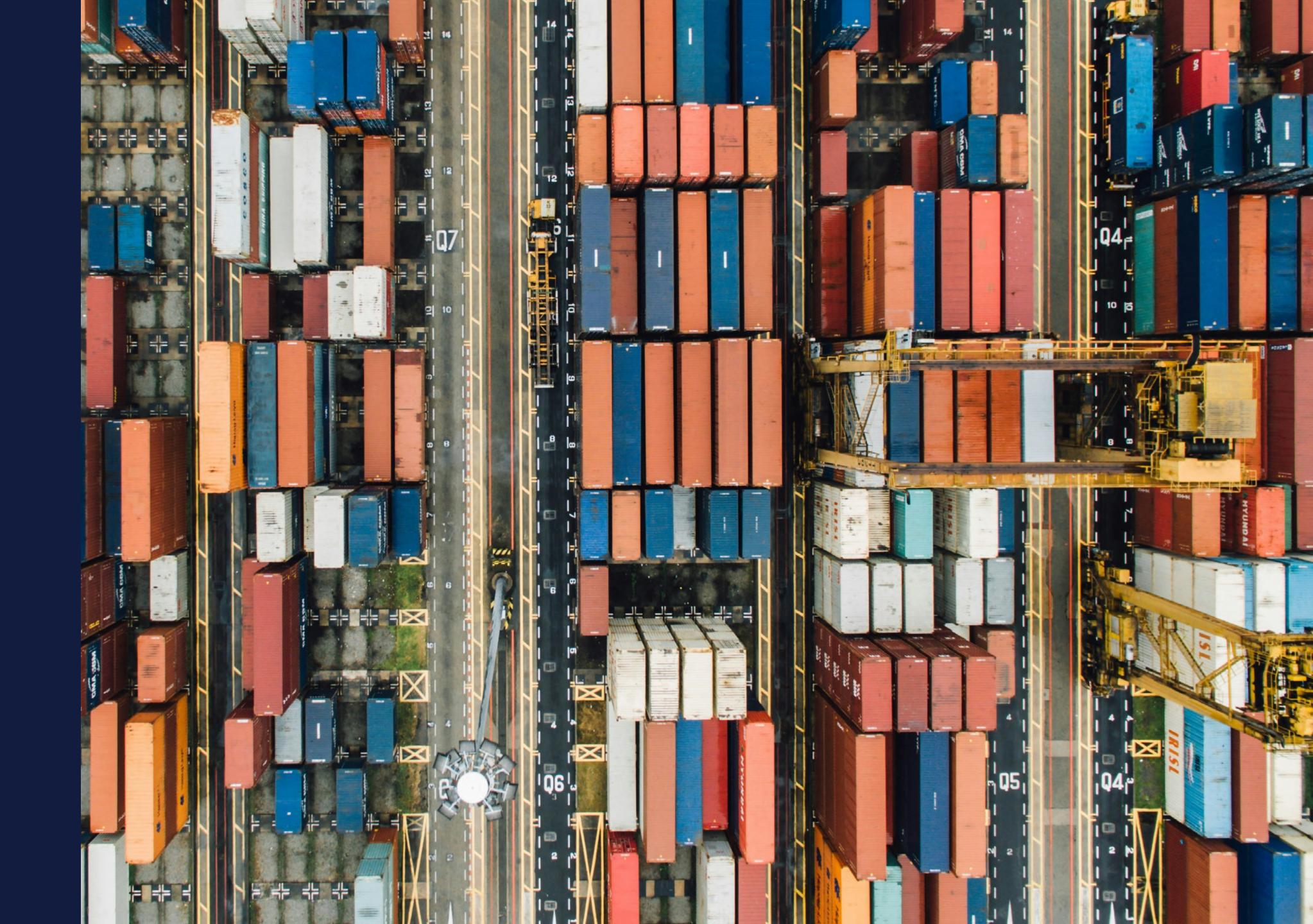
In 2023, we made an investment of approx. NIS 20 million in bonds of Ogen, a social loan fund that operates as a non-



profit lender. Ogen's mission is to make credit accessible to underserved populations in Israel and to people who struggle to obtain loans. The Phoenix is the largest institutional entity to invest in the bonds, which will be issued against Ogen's loan portfolio, allowing it to diversify its financing sources. The investment will enable Ogen to provide loans with attractive terms, accompanied by consulting and guidance on sound management for small businesses, particularly those who have been refused credit by banking organizations. The investment in the social bonds is categorized as an ESG investment at the highest grade (Dark Green) under European standards (SFDR Article 9).

We are particularly proud of Social Space, a unique project being promoted on the site of The Phoenix's property in the Ramat Hachayal neighborhood of Tel Aviv. Social Space is a nonprofit organization (NPO) with a mission to repurpose vacant spaces and abandoned buildings into vibrant hubs for social and community activities. The Phoenix enables this NPO to make use of the property for social objectives. Social Space was provided with an area of 350 sq.m (a value of approx. NIS 6 million per annum) used by an NGO for veterans of an elite IDF unit, working to help newly discharged combat soldiers from the unit get off to a good start in civilian life. The organization provides scholarships, mentoring, and career guidance, and offers financial and emotional support to families of fallen soldiers and to lone soldiers without family support.

Another focus area for activity in the real-estate sector is credit granted by The Phoenix to finance projects, particularly urban renewal projects. The Group is currently financing approx. a hundred projects, half of which involve various types of urban renewal programs (Evacuation and Construction, National Outline Plan 38, National Outline Plan 38/2). The state accords high importance to reinforcing and renovating buildings, in order to add residential protected rooms and improve infrastructures of older buildings and neighborhoods. Urban renewal projects also help to relieve housing shortages and increase the supply of homes in Israel.







The Organization

Products & Services

Investments



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	Description of approach to informing customers about products	FN-IN-270a.4	71-73
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Systemic Risk Management	Description of approach to managing capital- and liquidity-related risks associated with systemic non-insurance activities	FN-IN-550a.3	2023 Annual Report - Risk factors Section 4.13

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Topic	Metric	Code	Lcoation
	(1) Number and (2) percentage of licensed employees and identified decision-makers with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	FN-AC-270a.1	0 employees
for Customers	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to new and returning customers	FN-AC-270a.2	2023 Annual Report - section 43
	Description of approach to informing customers about products and services	FN-AC-270a.3	71-73
Employee Diversity &Inclusion	Percentage of (1) gender and (2) diversity group representation for (a) executive management, (b) non-executive management, (c) professionals, and (d) all other employees	FN-AC-330a.1	27-28
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Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anti- competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	FN-AC-510a.1	2023 Annual Report - section 43
	Description of whistleblower policies and procedures	FN-AC-510a.2	35

Activity Metric	Code	Lcoation
Total assets under management (AUM)	FN-AC-000.A	433 Billion NIS



Independent Limited Assurance Report to the users/readers of Phoenix Holdings Ltd. 2023 Sustainability Report



We were engaged by the management of Phoenix Holdings Ltd. (further referred to as "The Phoenix" or "the Group") to provide limited assurance on the specified parts as mentioned in the table below (further referred to as "specified parts"), regarding the information presented on The Phoenix's 2023 Sustainability Report for the year ended 31 December 2023 (further referred to as "the Report").

It should be noted that the assurance refers to the information and data included in the topics listed in this table, regarding the reporting year only.

The limited assurance was performed regarding the data and information in the specified parts detailed in the table below.

Further information and details, including the scope, content, assumptions and estimates determined by the Group regarding the specified parts included in the process, can be found in the relevant chapters of the Group's Report.

The Phoenix management is responsible for A. the preparation and the presentation of the Sustainability Report in accordance

with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) as described on the relevant page of the Report site, and the information and assertions contained within it B. for determining The Phoenix's objectives in respect of sustainable development performance and reporting C. for establishing and maintaining appropriate performance management and internal control systems from which the information is derived, to be free from omissions and material misstatements whether due to fraud or error. D. the identification of stakeholders and material issues for reporting.

Our responsibility is to provide a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB). That Standard requires that we comply with applicable ethical requirements, including independence requirements, and that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatement.

Subject Matter	Units	2023
100% of all investments are according to the ESG investments policy	Existence	
Risk Management Committee Meetings (The Phoenix Insurance)	#	12
Risk Management Committee Meetings (The Phoenix Pension and Provident)	#	4
Sustainability Committee Meetings (The Phoenix Insurance)	#	6
Percentage of women in senior management positions	%	31
Number of transfers and promotions	#	250
Scope 1 emissions	tCO2e	3,971
Scope 2 emissions	tCO2e	4,902

A limited assurance engagement, regarding data and information in the specified parts on the Sustainability Report, consists of making interviews, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

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- → Examination of the specified parts in the Report, for the purpose of performing a limited assurance, based on public information sources, knowledge of the Group business and other comparative information of similar organizations.
- → Interviews of management to gain an understanding regarding the specified parts.
- → Interviews with senior management and relevant staff of The Phoenix management concerning ESG strategy and policies for the specified parts, and the implementation of these across the business.
- → Interviews with relevant staff at corporate and business unit level responsible for providing the information in the Report.
- → Comparing the information regarding the specified parts presented in the Report to corresponding information in the relevant underlying sources to determine whether all the relevant information contained in such underlying sources has been included in the Report.
- → Where relevant, conducting interviews regarding the calculation, aggregation and methods used to collect and report the specified parts in the Report.
- → Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the ESG performance of The Phoenix.

As part of the process of performing a limited assurance, we reviewed the changes made to the draft Sustainability Report of The Phoenix and reviewed the final version of the Report to ensure that it reflects our findings.

Limited assurance is less than absolute assurance and reasonable assurance. A limited assurance engagement is substantially less in scope that a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Based on the limited assurance procedures performed and the evidence we have obtained, described in this report, nothing has come to our attention to indicate that the specified parts as mentioned in the table above, in The Phoenix's 2023 Sustainability Report, are not presented, in all material respects, in accordance with the GRI and The Phoenix's reporting criteria.

Our limited assurance report is made solely to The Phoenix in accordance with the terms of our engagement. Our work has been undertaken so that we might state to The Phoenix those specified parts we have been engaged to state in this limited assurance report and for no other purpose or in any other context. We do not accept or assume responsibility to anyone other than The Phoenix for our work, for this limited assurance report, or for the conclusions we have reached.

Tel Aviv, Israel July 22th, 2024 Somekh Chaikin



Measurement of Emissions in the Managed Portfolio- PCAF



In 2023, The Phoenix group published the carbon footprint of its managed asset portfolio¹ for 2022, totaling approx. NIS 370 billion, with the assistance of BDO consultants led by Chief Economist Chen Herzog. Measuring associated emissions allows the Company to increase the transparency of its ESG reports.

The carbon footprint calculation was performed using two methods:

→ PCAF (Partnership for Carbon Accounting Financials) Methodology: An internationally accepted methodology for calculating the carbon footprint of investment portfolios. Calculation of the carbon footprint was carried out using the PCAF (Partnership for Carbon Accounting Financials) Methodology for the following financial assets: liquid bonds, liquid equity, illiquid equity and financial loans.

→ **Dedicated Methodology:** A supplementary methodology developed by BDO, based on the premise of the PCAF Methodology, to measure the unique characteristics and complex financial instruments of the investment portfolio of The Phoenix group.

The measurement was conducted in five main stages: collecting the database, making key working hypotheses according to the nature of the asset portfolio of The Phoenix, measuring the carbon footprint at the invested/borrower company level, weighing the carbon footprint attributable to The Phoenix group using industryspecific attribution coefficients, and estimating the emissions intensity at the company/product and entire portfolio levels. The measurement covered 100% of the asset portfolio of The Phoenix group for 2022. For companies that received a loan/ investment exceeding NIS 100 million, the measurement was conducted individually for each company. For companies that

received a loan/investment below NIS 100 million, an aggregate measurement was conducted using industry coefficients, in accordance with the PCAF Standard. The data quality score for the entire asset portfolio is 4.5, determined according to the accuracy of the data used.

Asset portfolio emissions as measured according to the PCAF Standard and development of the BDO Methodology amounts to 11,838 thousand tons of CO2eq. The emissions intensity is 32 tons of CO2eq per million NIS of investment.

Chen Herzog, **Chief Economist and Partner BDO Consulting**



^{1.} The carbon footprint is an index reflecting greenhouse gas emissions throughout the value chain (SCOPE 3) and is composed of financial assets (Category 15 according to the GHG Protocol). The carbon emissions of companies and products in which The Phoenix invests are considered SCOPE 3 emissions for The Phoenix group. This is because it indirectly finances these emissions through its investments in companies and products responsible for carbon emissions (Financed Emissions).



About this Report

The third Sustainability and ESG Report of The Phoenix group emphasizes our commitment to transparency towards our stakeholders, and to reporting our business strategy as well as our impact on the environmental, social, and governance issues.

The scope of this Report covers the operations of The Phoenix group in Israel and abroad. Performance data is for 2023 and prior years, when available.

In some data tables, figures may not calculate to 100% or exact totals, due to up and down rounding effects.

This Report has been prepared with reference to the Global Reporting Initiative (GRI) Standards. This Report includes reference to the SDG targets, and with reference to the SASB Standard.

As part of the commitment of the Company to transparency and credibility when reporting its ESG performances, the current Report has been subjected to an external assurance process by an independent body for the first time. This process, whose purpose is to grant credibility and reliability to the data and reporting processes, controls, and relevant collecting methods in order to build a credible and accurate reporting framework. The Phoenix places paramount importance on providing reliable and accurate information to stakeholders regarding the impact of its operations.

For more information or comments, please contact:

Meni Neeman, Deputy CEO and Chief Legal Counsel, The Phoenix Group, at Menin@fnx.co.il

To Avital Yanovsky, Director of ESG and Sustainability, The Phoenix Group, at Avitaly1@fnx.co.il

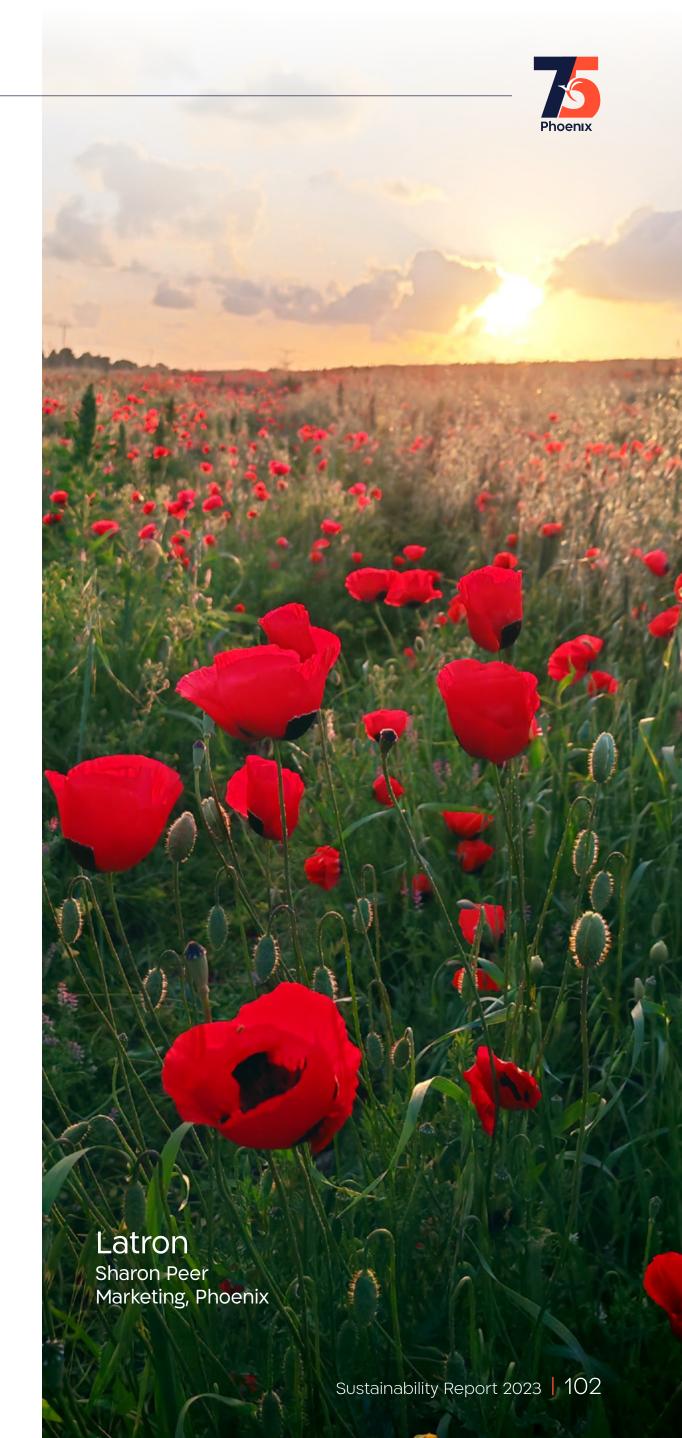
Legal Disclaimer

This Report is brought for the sake of convenience and voluntarily by the Company. The report is designed solely to offer information as part of the Company's explanations regarding its environmental, social and governance ("ESG") initiatives, including the targets and goals set forth in this Report.

This presentation includes information regarding the Company's sustainability plan for the coming years, as well as forwardlooking statements and forward-looking information as defined in Section 32A of the Securities Law 1968.

The materialization and/or non-materialization of forwardlooking representations and information which is stated in the Report as to the extent of the Company's ability to meet its ESG targets and objectives and the specified KPIs set forth in this Report will be affected by risk factors that characterize the ESG initiatives of the Company and Group Companies, as detailed in the Group's report, including changes in economic conditions, capital markets in Israel and globally, regulatory changes, changes in consumer preferences and consumption habits, changes in working hypotheses or in the economic models and assumptions, and changes in implementation or execution - that cannot be estimated in advance and may not be controlled by the Company. Hence, there is no certainty that the actual KPIs and achievements of the Company in regard of its ESG initiatives and goals will align with those detailed in this Report, and they may differ, even substantively, from the data presented in the Report.

The Company undertakes no obligation to update or revise any forward-looking representation or forward-looking information, whether as a result of new information, future events or otherwise.





Sustainability Report 2023
Phoenix Holdings