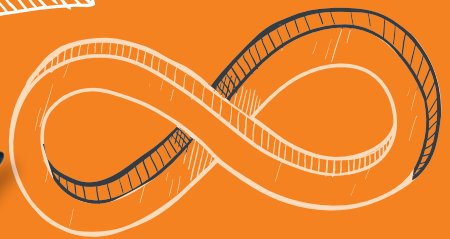




★ REPORT ★

Corporate  
Social Responsibility  
- Summary -

2016



Customers and Us  
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The Community and Us  
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## Corporate social responsibility at Mizrahi-Tefahot Group

This is a summary of the fourth corporate social responsibility report issued by Mizrahi-Tefahot Group, providing an overview of operations of the entire Group, subsidiaries in Israel and overseas affiliates in 2016 with regard to corporate social responsibility. The report reflects Group commitment to act in areas of corporate social responsibility and to annually report its performance to stakeholders.

Similar to previous reports issued by the Bank, this report was also compiled in conformity with reporting guidelines of GRI (the Global Reporting Initiative) and it is compliant with the most advanced transparency standard – GRI:G4. The report was compiled in conformity with the stakeholders model and includes the materiality matrix, which specifies the material topics for the Group and for its external stakeholders. This process was conducted in two parallel channels, integrated to allow us to create the materiality matrix and to focus on the 22 material issues.

Our commitment to corporate responsibility across all Group units is based on understanding of issues raised by stakeholders, dialog with Group employees, dialog with our customers and on our commitment to achieve our objectives. This area is managed in an orderly fashion, including multiple entities across the organization and requires significant coordination and preparation, in order to lead processes with long-term impact.

The full report, available on the Bank website, refers in detail to actions the Group took in 2016 on diverse matters, including: promoting customer interests, social and community involvement at the Group, creating a proper, accountable work environment for Group employees, environmental protection, maintaining proper corporate governance, ethics, risk management etc. These matters are foremost on the organizational agenda and form an integral part of our business core and organizational culture.

This year as well, the Group continues to report in conformity with the Global Compact initiative, reflecting its **commitment to adopt international standards for social-environmental responsibility** in all its endeavors, based on ten principles of human rights, employment, environment and combating corruption. In the current year, the Group resolved to expand its reference to international trends and bodies and throughout this report, we added reference to the list of 17 UN objectives with regard to Sustainable Development Goals (SDG).

The process of compiling this report was assisted by advisors from the Corporate Social Responsibility and Sustainability Group of BDO Ziv Haft CPAs. Furthermore, all data reported in this report was subject to external due diligence by the Israeli Corporate Social Responsibility Institute.

This combination of professional assistance and independent external audit allows the Group to ensure that information presented in this report properly reflects Group operations.

**This annual report is a managerial tool for constant improvement. For us, it is the best reflection of our continued commitment to implementation of Corporate Responsibility and Sustainability.**

We would be glad to receive comments on this report and on our actions related to corporate social responsibility – from all stakeholders.

**Corporate social responsibility - for the environment and the community in which we live!**





# Customers & Us

## Committed to the success of all our customers

Mizrahi-Tefahot Group is committed to the success of all its customers, acting to generate value for them over time in all of its operating segments. This commitment is reflected by fair conduct and by creating a range of channels for providing service and products customized to the needs of every customer. Recognizing the importance of ensuring customer satisfaction, the Group is committed to listening to customer needs, to maintaining customer privacy and to providing professional tools for customer success. The Bank's unique growth strategy is reflected in consistent growth of the branch network, providing a proposition to diverse segments and ensuring complete transparency with regard to information which the Bank is required to disclose about its customer services and the accessibility thereof. The Bank also ensures respectful, non-abusive marketing messages, in conformity with statutory provisions and with Proper Banking Conduct Directives of the Bank of Israel.



184

service locations

nation-wide, from Kiryat Shmona to Eilat, providing access to a personal banker through various channels

More accessibility

148 branches, 177 ATMs and most of the websites are accessible for persons with disabilities



6 LIVE branches

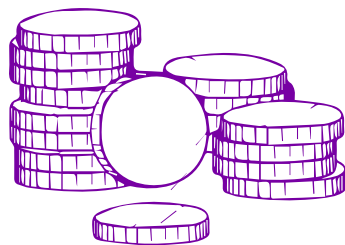
With a personal banker, available during extended business hours, along with advanced digital services

7 new branches

Opened in 2016

245 ATMs

An additional 16 ATMs in 2016



171

NIS billion

Total loans to the public

NIS 882 million

Total loans for social and environmental endeavors

"Test drive" Mizrahi-Tefahot\*

An innovative way for customers to join the Bank for a test period with no worries

8,400 people

attended lectures as part of "Let's meet at Mizrahi-Tefahot"

Of which, 500 attended meetings for retirees



במזרחי טפחות



210 service locations

Increase in number of self-service stations nation-wide

Intensified activities in the Jewish Orthodox and Arab segments

Opened 4 new branches dedicated to these segments



Rated 8.8 out of 10

This year too, the Bank maintained the high level of customer satisfaction with the bankers - the highest among the top 5 banks



Texting your advisor\*

Bank customers can write to their advisor, directly through the website or by using the capital market app

"Tefahot to Home" app\*

The most advanced mortgage app in Israel was launched



## Wide banking deployment

In order to provide high-quality service to all customers, the Group has an extensive branch network located close to its customers' residential or business locations. At the end of 2016, the Group had **184 business centers**, branches and affiliates, including new branches opened in remote areas and towns with demographics addressed by the Bank as part of its strategic plan. The Group also operates **6 Live branches** that offer banking service to customers through advanced technology, other than showing up in person, with longer business hours than in other branches. The Group provides **210 self-service stations and 245 ATMs**, allowing customers to independently conduct transactions and to obtain information about their accounts. In contrast with policies of competing banks, the Bank does not take action to massively close branches and to curtail cashier services. On the contrary, the Bank continues to expand its branch network and to offer **cashier services** at all branches, in order to provide optimal service to customers.

## Customer - Bank communication channels

Hybrid Banking is an optimal combination of personal and digital banking, allowing all customers direct access to their personal banker at the branch via a range of communication channels. This unique, innovative service concept puts to use technological advances in the banking world, to create an immediate, direct link between the customer and their personal banker at the branch. The Bank offers a range of communication channels, which are frequently updated and revised, including online websites for banking information and transactions, cell-phone apps etc. In 2016, we improved the transaction website and app. In the mortgage segment, we launched a new marketing website and the



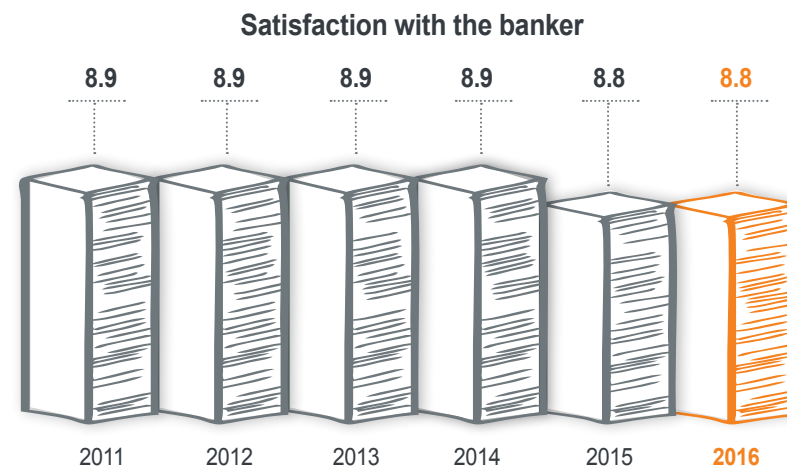
most advanced mortgage app in Israel, which allows you to create a financing plan for your purchase and to write to your own personal mortgage banker.

## Quality of service

The Bank manages the quality of service provided to customers by means of constant dialog with customers and conducting periodic public opinion surveys. Dialog with customers is maintained through multiple channels. The Group's primary channel of communication with its customers are bankers in branches, alongside other channels: telephone, email, mail, internet, app, social media, conferences and workshops.

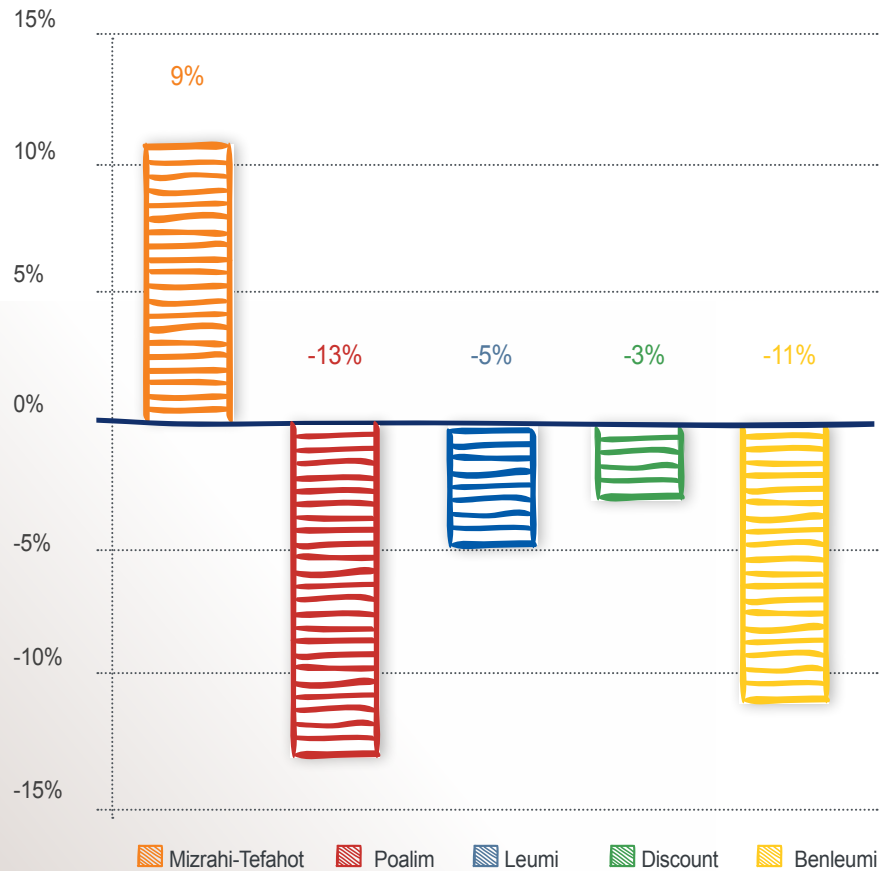
The Bank monitors customer satisfaction by conducting focus groups among customers of the Bank or of other banks, conducting surveys about deposits and other products and, of course, image and satisfaction surveys.

The 2016 customer satisfaction survey conducted by the Brandman Institute made these findings:



**Satisfaction with the banker is very high and stable over time – rated 8.8 out of 10.**

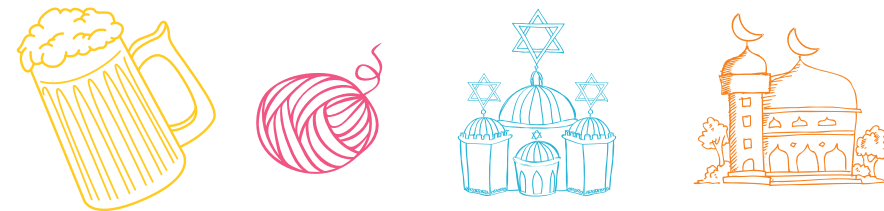
Another survey, conducted among 2,100 customers of all banks by the IPSOS Institute, showed the net recommendation benchmark was at 9%. This indicates a high level of satisfaction with Bank Mizrahi-Tefahot, far and above the competition.



## Adapting products and services to customer needs

As part of its policy on promoting customer interests, the Group strives to create products and services in response to varying needs of its customer base and adapts these to diverse target audiences and in line with changes, whether or not anticipated, over the customer's life time.

The Bank provides service in multiple languages, through diverse media, and provides a unique response for the Arab, Jewish orthodox and retiree segments, as well as creating products aligned with customer needs, including based on their financial condition, such as: customized savings, deposits and mortgage-related products.



## Supporting under-privileged populations

It is Group policy to be considerate of each customer's situation. Therefore, the Group provides respectful, sensitive service to all its customers and, in particular, to under-privileged populations, striving to assist them both directly and through entities that work with such populations. The Group invests significant effort in aiding customers that face difficulty in meeting their obligations, by reaching agreement based on their capabilities in order to eliminate debt and to return customers to good standing.

## Service accessibility for disabled persons

The Group acts to make Group services accessible for disabled persons - both physically accessible facilities and accessible services - thus allowing anyone who so wishes to become a customer of the Group. As of 2016, 85% of Bank Mizrahi-Tefahot branches and 70% of Bank Yahav branches have been made accessible at building and accessory level.



## Ensuring customer information privacy

The Group sees great importance in information security and in maintaining the privacy of customer information. To this end, the Bank has specified its information security and cyber strategy and policy, which have been approved by Bank management and by the Board of Directors, in line with Bank of Israel requirements.



Safeguarding information security and customer information privacy is focused, inter alia, on risk management and assessment for systems and processes, increasing awareness through training and information, development of advanced capabilities to face cyber threats and specification of customer authentication and verification processes when contacting through various channels.

## Development of social and environmental products

The Bank recognizes the importance of identifying risk and opportunities facing the Bank and provides loans for development, construction or launching of products with a positive environmental and social impact.



- **Providing loans for development or construction of environmental products** – In 2016, the Bank approved loans amounting to NIS 445 million for renewable energy projects.
- **Providing loans for development, construction or launching of social products** – The Bank supports small businesses through various funds, such as the "Tzafona Daroma Fund", the SME fund and the IVN fund) that promote social or business goals in outlying areas and through support and promotion and support for social businesses. In 2016, the Bank provided NIS 437 million for such causes.



# The Community & Us

## Committed to involvement with and to investment in the community

The Group is working to realize its community involvement in a manner that expresses its strength, engages the Bank's employees in active volunteer activity and leverages its physical, financial and human abilities and resources. The Bank's community engagement is carried out accompanied by a constant dialog and realization of broad initiatives with community partners throughout Israel, engagement of employees and managers, geographic and other diversification of activities utilizing the Bank's nation-wide presence, through partnerships and with internal and external communication of the Bank's community involvement.

The Bank is primarily focused on two specific social areas, to which it funnels most of the charitable donation and volunteer activity by the Bank and its employees:

- A. Promoting under-privileged children and youth;**
- B. Supporting NGOs and businesses that promote social causes or employ persons with special needs.**





The community and Us - overview



29,170 hours

given to the community with love by Group employees in 2016



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Superbrands award to ZAZIM project

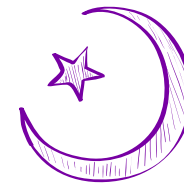
The Bank's "ZAZIM" project received the Superbrands award for Community Activity.

52% of the Group's charitable donation budget is directed towards empowering children and youth



70,000 students took part in the "Green Light for Children" project, sponsored by the Bank

Some 1,200 students studied Hebrew in Arab schools, as part of this project.



The "Money Road" in Arabic as well\*  
The program is available in Arabic on the Bank website



2,500 participants

Took part in lectures on financial education delivered by the Group

NIS 14.3 million

Total investment in social and community activities by the Group

4.7 out of 5

Average satisfaction rating from those who benefit from the Bank's community activities



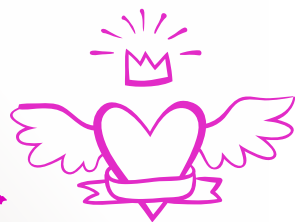
Bone marrow donor database in the Bank's name\*

The database was created in co-operation with Ezer MeZion, to help patients in need of bone marrow transplant.



125 adoptive units

adopted this year social entities and institutions in their towns



NIS 160,000

Total purchases by Bank employees from social NGOs in 2016

99% local purchasing

The great majority of purchasing by the Group is made from local suppliers



\*New in 2016

## Adoptive units

Some 125 Bank branches and headquarters departments are in constant contact with various social organizations in their towns, that act on behalf of under-privileged children and youth. This adoption includes regular activities to provide assistance and mentoring by volunteer employees, birthday parties, unique activities in advance of holidays, using creative craft kits sent by "Mizrahi-Tefahot in the Community" and centralized activities for children welfare by region all across Israel.



## Involvement in projects to promote welfare of children and youth

As part of Bank policy to assist and promote teenagers, the Bank participated in these projects:

- **"Green light for children"** – The Bank has sponsored the "Green light for children" project, which provides training on road safety to 69,300 elementary school students.
- **"ZAZIM"** – Support for 64 community projects, proposed and operated by



MIZRAHI TEFAHOT



youth movement members. For this venture, the Bank was awarded the Paula Moses Community Contribution Award by Superbrands.

- **"Shenkar Flowers"** – Supporting 80 teenagers with artistic skills from a low socio-economic background, training them over the school year, through students from Shenkar College.
- **"Latet Youth"** – Support for 120 volunteer projects involving social entrepreneurship, which empower youth from a low socio-economic background.
- **"Tour De Trom"** – Sponsorship for the "Tour De Trom" bicycle rally, held in cooperation with the ILAN NGO sports center - designed to raise funds for ILAN children. In 2016, some 140 employees took place in the rally.
- **"Hanuka gift candelabra"** – This unique project allowed 1,750 children served by social NGOs to benefit from Hanuka gifts purchased by 600 Bank employees – contribution from Bank employees and management.
- **Pre-school center** – The Bank has contributed towards creating a pre-school center, serving the Arab and Jewish populations who live close to the Chicago Youth Center in the city.
- **"Melodica"** – The Bank sponsors the Melodica social club, which provides social activities to teenagers in Lod.
- **"Holyhood"** – The Bank has sponsored a festival of social films and a competition for films by youths, written and produced by high-school students in Lod. The films were screened as part of the "Holyhood" film festival, held in the city.
- **"Theater Days"** – In this project, students in schools sponsored by Bank units enjoyed an experience at Beit Tzvi Theater in Ramat Gan, where they watched a play and took part in theater-related workshops and activities.

## Support for NGOs and businesses that promote social causes

The Bank supports businesses that promote social causes in these key areas:

- **Support for NGOs that employ persons with special needs:**
  - **"Added Value" website** – Listing products and services offered by 200 NGOs and social environmental organizations.
  - **Sponsorship for "Added Value Gifts" store** – Employing the mentally challenged and selling products made by people with special needs.
  - **"Heart-felt creation for the community"** – a fair consisting of some 30 NGOs that employ people with special needs offering their products to tens of thousands of visitors.
  - **"Voting is influencing" project** – Including employees in selection of NGOs that employ and assist youth at risk, to be sponsored financially by the Bank in conducting joint projects with the Bank.
  - **"Repeating Story"** – A venture for book lending to Bank employees, operated by the people who had benefited by the "All Good" NGO.
- **Support for social businesses:**
  - **"Business with value" project** – the Bank's social venture program, in cooperation with the IVN Foundation to support social businesses and NGOs which promote populations with special needs. In 2016, 3 NGOs were selected to receive assistance and professional advice from Bank employees and business advisors, as well as a financial grant to increase and expand their business, in conformity with the business plan.



## Promoting financial education and training of business owners

The Bank sees great importance in promoting financial education among the public at large, which is the reason for multiple activities:



- **"Money Road" training kit** – A program which provides youth across the country with training on financial issues. In 2016, in addition to regular activities, the Arabic language kit was made available on the Bank website.
- **Financial and professional support for students employed as trainees by the Bank during their course of studies.**
- **Mizrahi-Tefahot Small Business College in cooperation with the Israeli Management Center ("MIL")** – the Small Business College, operated by the Bank together with the Israeli Management Center ("MIL") offers two courses on marketing and finance. In 2016, 10 courses were given, attended by 236 participants.
- **Sessions on financial topics, as part of the "Let's meet at Mizrahi-Tefahot" program** – In 2016, the Bank offered 29 sessions at no cost, held at Bank branches all around Israel, which included lectures on savings, retirement advice, mortgages and on investing in the capital markets. In 2016, a total of 1,037 people attended meetings on financial topics.
- **Financial Awareness week** – At 10 Bank branches and at 10 Bank Yahav branches, presentations were given on financial education, sponsored by the Bank of Israel and by the Banking Association, as part of Financial Awareness week, attended by 576 participants.



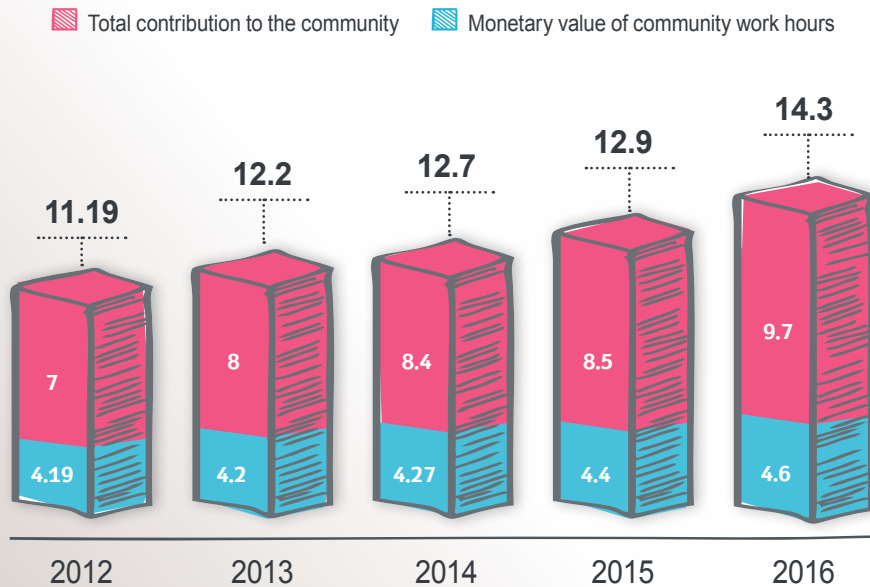
## Let's meet at Mizrahi-Tefahot

Regular meetings held at key Bank branches, offered at no cost to customers of all banks. At these meetings, Bank branches become neighborhood meeting venues where diverse activities for adults and for children are held, led by well-known facilitators. In 2016, the Bank held 145 sessions at 24 key branches, attended by 8,400 participants, of which 17 sessions for retirees attended by 500 participants.

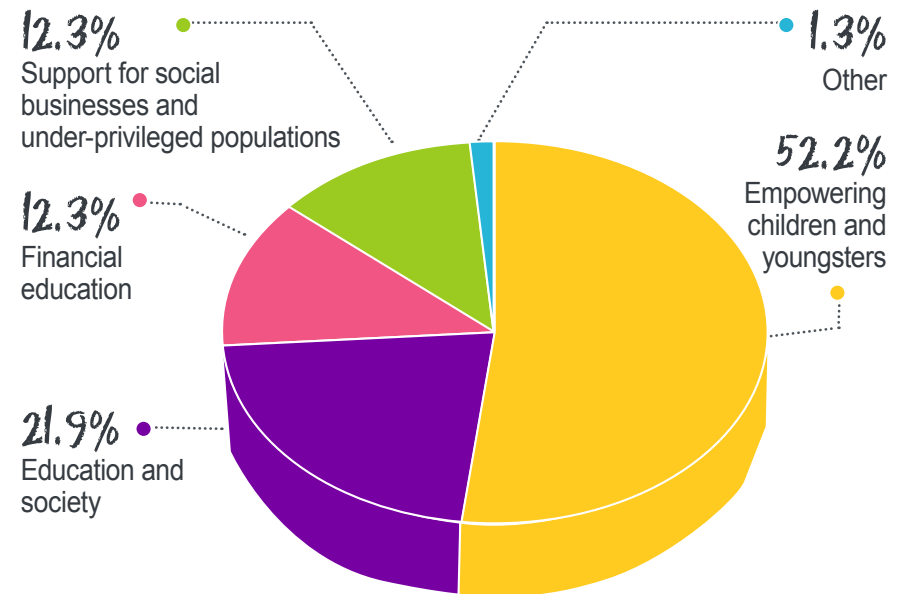
## Investing in the community

In 2016, total investment in social community activities by the Group amounted to NIS 14.3 million.

## Investment in community activity by the Group (NIS in millions)



## Composition of community activity budget in Israel, 2016



## Responsible supply chain management

As part of the Group activities to benefit the community, the Group acts and influences others, through responsible and well-ordered supply chain management and contracting with Israeli suppliers. Contracting with suppliers includes a review of the supplier in terms of maintaining basic human rights of its employees. Thus, every contract signed by the Bank includes a clause whereby the supplier or contractor commits to lawfully employ their staff, pay their wages, ensure their rights subject to all binding legal norms and avoid any type of discrimination. As part of the considerations for selecting suppliers, the supplier's approach towards aspects of environmental responsibility are taken into consideration. It is also Group policy to prefer local suppliers, hence 99% of suppliers are from Israel.



# Our Employees

## Commitment to our employees

Mizrahi-Tefahot Group is committed to all its employees in Israel and overseas, and regards them as a major pillar for realizing its business strategy. This commitment is reflected by development of a pleasant work environment with fair employment terms for all employees. The Group's capacity to listen to needs of its employees and consequently, to create a work place which provides a solution over time – turns the Group into a high-quality and sought after place of employment.



Our Employees - overview



63% women

Increase in share of women employed by the Group

47% female managers

Increase in share of female managers at the Group



Average age 39.8

The youngest of the Top 5 banks



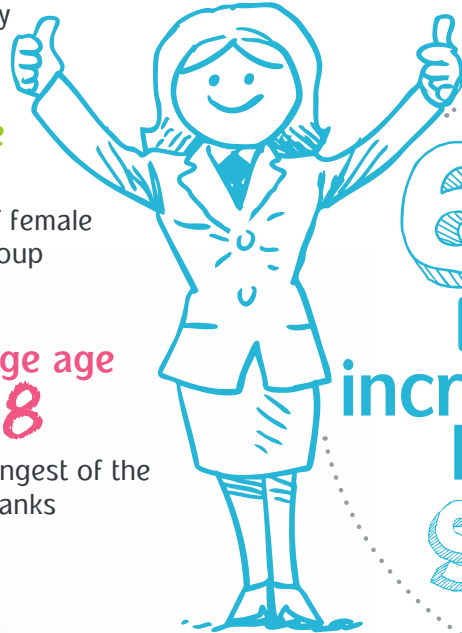
Medical check-ups\*

Offered to all Bank employees aged 40 or over



150 athletes

Bank employees take active part in Bank teams, practice and competitions

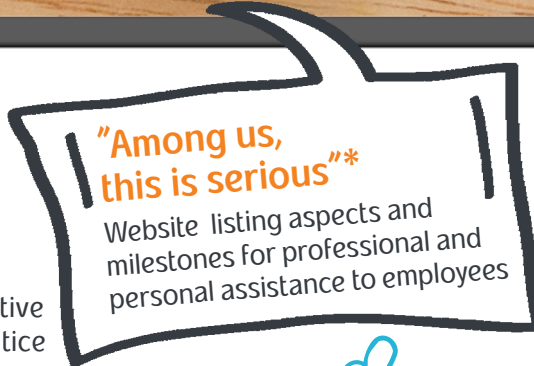


6,185 Employees increase in Group headcount

99% of Group employees are located in Israel



45 hours of training Increase in average training hours per employee



"Among us, this is serious"\*

Website listing aspects and milestones for professional and personal assistance to employees

97%

promoted internally

Percentage of managers promoted from among Bank employees



2,700 employees and their families

enjoyed the guided walk in 2016



2,100 employees

and their families members took part in this activity



73%

hold a university degree

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\*New in 2016

## Promoting fair work environment and employment terms

The Group is committed to creating a respectful work environment for employees, ensuring their rights and well-being by providing employees with better work conditions than required by Law. In this regard, the Group assists employees throughout their employment, professional development, creates well-being benefits for employees and their families and institutes a respectful organizational culture. In 2016, many activities took place at the Bank for the well being of employees and their families, including: walking the Israel Trail, the Good Film Club and family events in the summer and on public holidays.



## Caring for employee health

The Bank takes care of employee health and in 2016 expanded eligibility for medical check-ups, provided training to employees on ergonomics and delivered training on handling stressful situations.

## Diversity, equality and avoiding discrimination in employment

The Group regularly promotes equal opportunity in the work place. This is based on recognizing the ultimate importance of the value of equality.

The Group does not discriminate against any employee by religion, ethnicity, race, gender, place of residence nor any other attributes. The Group has an equal opportunity employment policy, with employees hired and promoted based solely on their skills and on needs of the Group. Each employee's pay, in all ranks and positions at the Group, is determined regardless of the employee's gender – but rather based on their skills, professional experience and their designated position. Therefore, there are no pay differences between men and women on average. The Bank strives to hire employees from the Arab and Jewish Orthodox



segments, by contacting organizations that specialize in recruitment of such employees and by making adjustments to testing during the recruitment process. Moreover, as part of Bank commitment to equal opportunity and as part of preparing for application of the Employment of the Disabled Act, the Bank put in place strategy for recruiting such employees and for locating relevant positions for such employees in the various departments.

## Promoting women

The percentage of women employed by the Group at the end of 2016 was 63%, an increase by one percentage point compared to 2015. In 2016, women accounted for 47% of all managers, an increase by one percentage point compared to 2015 and 2014.

## Staff training and development

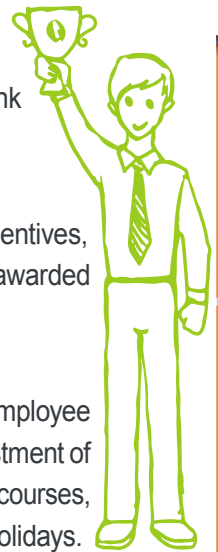
The Group sees great importance in professional and individual development of its employees - with training and individual development processes applied throughout the employment period of employees. In 2016, the average training hours per employee increased to 45.1 hours, compared to 44.6 hours in the previous year. In 2016, 97% of management appointments were promotions of Bank employees, similar to 2015.

## Employee remuneration processes

The Bank has multiple tracks for employee remuneration and incentives, including promotion by rank, individual bonus and individual prizes awarded to outstanding employees.

## Caring for retiring employees

As part of its responsible employment policy, the Group cares for employee wellbeing – even after their retirement from the Group, through adjustment of retirement tracks, professional advice, assistance in financial training courses, benefits in managing their bank accounts and gift cards on public holidays.



# The Environment and Us

## Group responsibility for the environment

The Group recognizes the impact of its operations on the environment and on the climate, primarily due to resource consumption and incorporating environmental considerations in decision making when extending loans. Therefore, the Group strives to minimize the negative environmental impact of its operations by reducing material consumption, improving energy efficiency and managing environmental risk.







↓ **A 3.3%**  
decrease in power  
consumption per  
employee

A 3.7% decrease in power  
consumption per m<sup>2</sup> compared  
to the previous year



**"Paperless Branch"**

Campaign to reduce paper  
consumption at branches

A **60%**  
increase in electronic  
waste recycling

A total of 22.4 tons of  
electronic waste was sent  
for recycling.



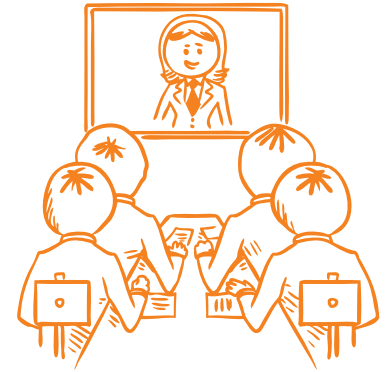
A **7%** increase  
in paper recycling  
compared to 2015.

↓ **39 tons**  
Reduced paper  
consumption  
compared to the  
previous year



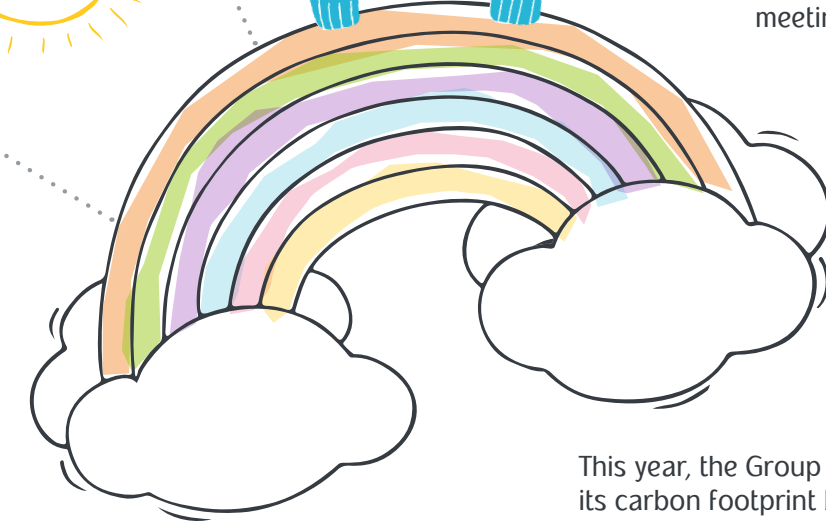
**Promoting carpooling**

Prizes awarded to promote  
carpooling by employees



**27,000**  
video conferencing  
call minutes

A 12.5% increase in video  
conferencing call minutes  
which replace face to face  
meetings.



**Reduced  
carbon footprint**

This year, the Group reduced  
its carbon footprint by

**14%**

compared to the previous year.

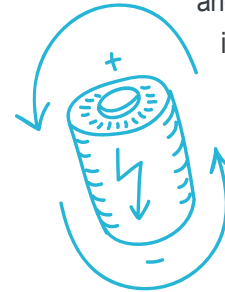
## Reducing paper consumption

Group operations primarily involve office work; therefore, in order to reduce material consumption, the Group strives to reduce the use of paper and to use recycled paper, as well as to reduce the negative environmental impact due to waste generated by Group operations. Mizrahi-Tefahot Group to date primarily uses paper for reports, forms, letters to customers etc. In 2016, the Group reduced its total paper usage; the total paper consumption for the Group was 784 tons of paper, compared to 823 tons of paper in 2015. This was achieved by transition to double-sided printing, creating a digital archive for some of the documents generated at branches, incorporating purchase of recycled paper, purchase of electric hand dryers and continued implementation of the "Paper-less branch" project - with customers signing using digital pads and an electronic archive to replace physical filing. Note that a large share of paper is produced for customers and delivered to them in conformity with Bank of Israel directives.



## Improved energy efficiency

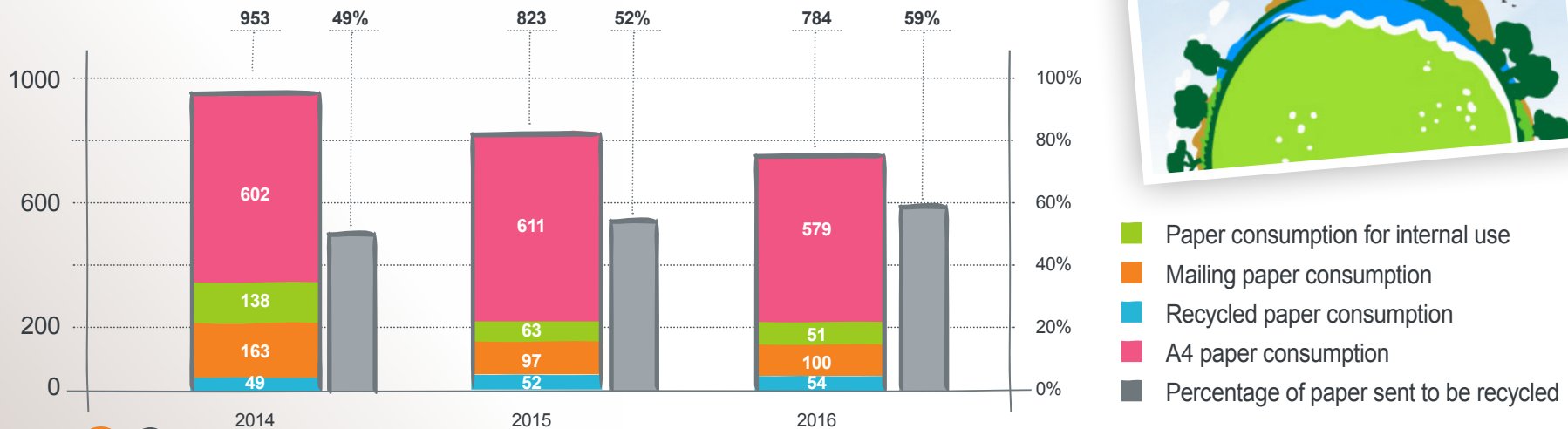
The Group recognizes the importance of reducing energy consumption, both for financial savings and to reduce the negative environmental impact. To this end, the Group manages



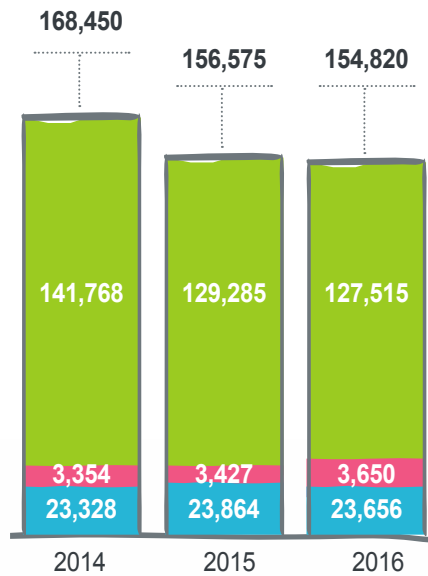
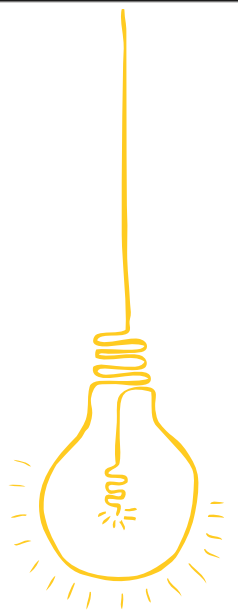
and measures its energy consumption and has multiple initiatives in place for improved energy efficiency. Some of the initiatives led by the Bank include: use of LED lighting, use of a command and control system at headquarters buildings to proactively turn off lighting outside of business hours, increase the use of video conferencing for meetings, putting in place a shuttle system and transition to use of fuel-efficient vehicles.



Total paper consumption for the Group (in tons)



### Total energy consumption in GJ



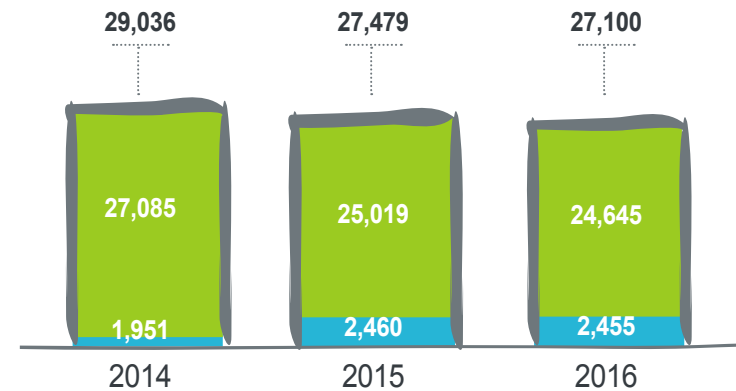
■ Electricity consumption ■ Diesel consumption ■ Fuel consumption

### Carbon footprint

As part of striving to reduce the negative impact on the environment and on climate change, Mizrahi-Tefahot Group strictly measures its greenhouse gas emissions. In 2016, the decrease in total carbon footprint continued - a decrease by 1.4% compared to the previous year.

### Bank's total carbon footprint (CO2e)

■ Group 1 – direct emissions ■ Group 2 – indirect emissions

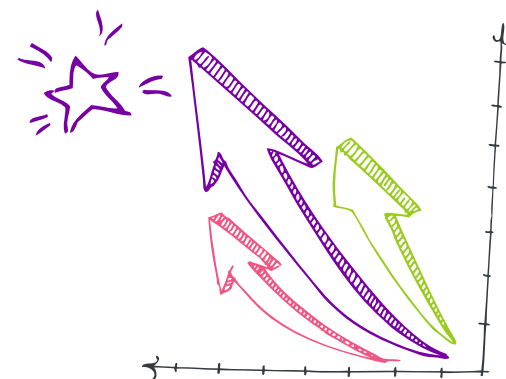
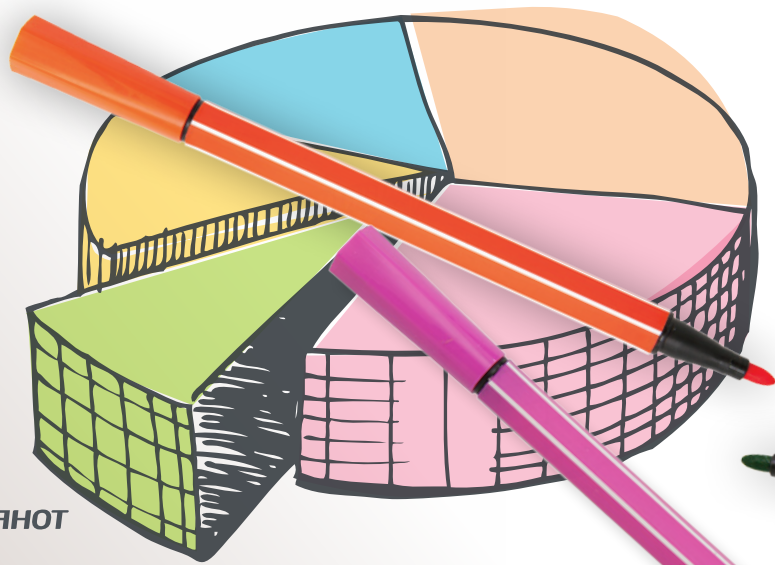


In the previous report, an error was made in calculating energy consumption (and consequently, in calculating the carbon footprint). The data above are correct (for 2014-2015 as well).





# Corporate Governance



## Commitment to regulatory compliance

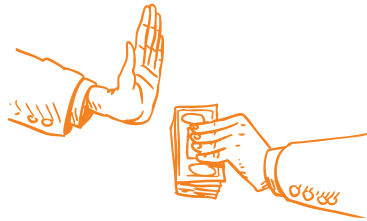
The Group strictly complies with the law and implements any corporate governance rules and regulations applicable there to. Group operations in this area involve: organized deployment of operating procedures, delivering training on various regulatory issues, implementing controls over compliance with provisions in various areas, identification of focal points of compliance risk, handling any exceptions identified by controls, strictly fair competition with competitors and maintaining a fair relationship with everyone.

### Our commitment to preventing corruption:

The Group constantly strives to prevent occurrence of corruption events – by employees, customers and others. Thus, the Group has a set policy on addressing aspects of operating risk and internal control, and has created continuous monitoring and control processes which allow for early identification, prevention, deterrence and addressing of such events in as much as possible, as well as by delivery of training on this issue to Group employees and managers.

In case of any suspected malfeasance, due to monitoring or any information received, the Group reviews the case and conducts debriefing and lesson learning to prevent its recurrence.

In 2016, the Group delivered 17,522 hours of training to employees on preventing corruption. During the year, testing was conducted to identify any risks related to corruption at all Group units.



### Safeguarding human rights

Human rights is a material corner stone and a key value for Group operations. The Group safeguards human rights in all activities and avoids any activity or business transaction which may impact human rights. To this end, the Group delivers training to employees on topics including: preventing sexual harassment, accessible service, ethics, public inquiries etc. In 2016, the Group delivered 22,436 hours of training on policies and procedures with regard to human rights aspects relevant to its operations.

The Bank has a Code of Ethics in place, which reflects the Bank spirit and prevailing organizational culture, consisting of basic values for its operations: fairness, integrity, transparency and human dignity. The Code of Ethics defines appropriate rules of conduct for all those acting on behalf of the Bank, based on analysis of events observed in the field and is a tool for handling issues and dilemmas arising in the normal course of work. It is deployed across the organization through various training efforts. In 2016, the Bank held an Ethics Day event, where all Bank employees received training in resolving ethical dilemmas. There were other activities during the year, such as proactive discussions of ethical dilemmas, management meetings about ethics etc.

# Key targets for 2017



## Customers

- Expand operations in the Arab and Jewish Orthodox segments, by opening new branches dedicated to these population segments.
- Complete making all Group branches and websites accessible by end of 2017 and further deploy the topic of accessibility among Group employees through dedicated training.
- Continue to maintain high level of satisfaction of Group customers.

## Community

- Increase financial presentations as part of "Let's meet at Mizrahi-Tefahot" by 10%.
- Increase the number of Arab sector students who take part in extra-curricular activity in Hebrew, as part of the "Spoken Hebrew" project by 20%.
- Continued support for social ventures as part of the "Business with Value" project, with emphasis on projects in the Arab segment.
- Maintain local purchasing for the Group as an absolute majority of purchasing and sample visits to 5 major suppliers.

## Employees

- Diversity in hiring – expand hiring in various demographics and continued recruitment and hiring of employees with disabilities.
- Deploy new learning system to provide employees with transparency about their anticipated training plan and details of training already completed.
- Expand internal communication channels through the Round-table project – inviting employees to attend discussions of strategic issues.



## Environment

- Reduce paper consumption due to continuation of the "Paperless Branch" project.
- Gradual transition to air-conditioners rated A, which are energy efficient, at all Bank buildings by 2021.

## Corporate governance

- Enhance training with regard to regulation and revise regulatory content of existing courses.
- Conduct focus groups to review the effectiveness of deployment and the need to revise the values in the Code of Ethics and conduct an annual Ethics Day event, with particular emphasis placed on ethical conduct in social media.

