

Conflicts of Interest Policy

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We are required to identify and manage conflicts of interest which arise in the performance of our functions. Since we do not:

- (a) give advice to investors;
- (b) arrange for investors to transfer or sell Israel bonds;
- (c) derive any incentive based on the value of Israel bonds issued or sold;
- (d) operate any priority in the processing of instructions from our clients to purchase Israel bonds; or
- (e) remunerate our staff in a way which directly reflects the number or value of Israel bonds sold

It is our view that conflicts of interest between ourselves and any client likely arise only in highly exceptional circumstances (which we will manage on a case by case basis), and conflicts between our clients are unlikely to arise. If we consider that a conflict has arisen, we will inform the client immediately and seek to manage or resolve the matter in a fashion which mitigates the conflict to the extent possible and has no financial effect on the client and is in the client's best interests.

Specified Conflicts of Interest Table

This is a list of potential conflicts of interest that DCI may face among DCI, its sales staff, its other employees and its clients. "DCI" refers to both Development Company for Israel (International) Ltd. and Development Company for Israel (Europe) GmbH. Also included below is the method for minimizing or eliminating the conflict, actions expected of employees and actions to be performed by management and/or the compliance officer.

Potential Conflict	Method to minimize or eliminate the conflict	Action that employees should take if conflict is identified	Management/ compliance officer action
Sales staff selling bonds with shorter maturities to encourage more frequent reinvestment	Disclosure to client of various maturities available and rates	Sales staff should discuss with client the various maturities and rates available for the size of purchase so that client can make purchase most aligned with their goals	Review transactions and employee notes to review if purchases are not in the interest of customer
Employee's outside activities conflict with their duties in the firm	Employee's outside activities or role in the firm limited to minimize or eliminate conflict	Prior disclosure of outside activities to compliance officer	Evaluate the potential limitations on employee's activity either in the firm or in performing the activity

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Potential Conflict	Method to minimize or eliminate the conflict	Action that employees should take if conflict is identified	Management/ compliance officer action
Clients of DCI supply goods or services to DCI	Have different employees interface with entity as purchaser of goods/services as compared to sales staff who service entity as client	Identify to compliance officer which clients supply goods or services to DCI	Impose limitations so that bonds purchase and supply relationship are separate
Performance-related remuneration may encourage sales promotion beyond what would be appropriate	High pressure sales tactics are prohibited	Sales staff and marketing shall not employ high pressure sales tactics	Compliance officer reviews all marketing materials and reviews a sampling of emails
Gifts may inappropriately affect activities of Sales staff or other employees	Employees may not solicit or accept gifts or gratuities from clients or other persons with business dealings with DCI without approval of the compliance officer	Report gifts to compliance officer	Compliance officer does not approve receipt of gifts which creates a conflict of interest
Clients of DCI are owned by DCI employees (all or a portion)	Have different employees interface with entity as owner and sales staff that services entity as client	Identify which clients of DCI are owned by DCI employees (all or a portion)	Impose limitations so that bonds purchase and ownership relationship are separate and restricted

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Potential Conflict	Method to minimize or eliminate the conflict	Action that employees should take if conflict is identified	Management/ compliance officer action
The State of Israel is the sole source of income of DCI, which can cause DCI to prefer the interests of the State of Israel over the interest of its client, especially in relation to sales activities and their intensity as well as in inappropriately expanding the target market of certain types of Israel bonds	Sales to a client not in the client's best interest are prohibited. Marketing Israel bonds outside of their target audience is prohibited	Sales staff shall not sell to a client an Israel bond not in the client's best interest. Marketing shall not market Israel bonds outside their target audience	Compliance officer reviews all marketing materials and a sample of employees' emails. There is no compensation for selling one type of bond instead of another.
Employees could act upon material non-public information received through the normal course of DCI's business	Employees are prohibited from acting on material non-public information	Immediately report any material non-public information received to the compliance officer	Compliance officer reviews a sample of employees' emails

DCI has created a comprehensive compliance organization for prevention and avoidance of conflicts of interest in general and in particular the aforementioned conflicts. Therefore, the compliance organization will follow the following preventive measures:

- The State of Israel as the issuer does not request special sales activities for any single type of Israel bond. Supply and demand for specific types of Israel bonds and therefore the sales of these bonds are managed and controlled by the State of Israel lowering or increasing the interest rate or suspending a bond from sales activities. This reduces the risk of promoting the interest of the State of Israel as the single source of DCI's revenues. The managing director as well as the compliance officer monitor that employees promote the interests of the purchaser when receipting and transmitting orders in Israel bonds.
- The remuneration of DCI under its agreement with the State of Israel provides compensation for the distribution activities of DCI and is not related to the volume of sales or any other success in relation to the sales activities of DCI. Thus, there is also no incentive to sell Israel bonds to an inappropriate target market which would promote the interest of DCI to sell Israel bonds ahead of the interests of clients.

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- Company guidelines and policies specify that certain employees are not compensated on the basis of sales success by DCI, including the internal auditor (who is employed by an affiliate of DCI) and the finance staff. The compliance function monitors the organization, structuring and implementation of DCI's remuneration system. DCI's remuneration structure to sales staff is not commission based. Each salesperson receives a salary and a small bonus on the basis of achieving specified targets that relate to their area of focus. There is no compensation for selling one type of bond instead of another. Thus, there is also no advantage to a salesperson or to the organization to sell one type of Israel bond instead of another. This limits the risk of selling an inappropriate type of Israel bond to a client.
- DCI's employees are given regular training including in compliance issues. In addition, the following internal rules apply:
 - Employees are obligated to report immediately to the compliance officer any circumstances involving or which could lead to a conflict of interest.
 - In particular, employees should avoid any activities or relationships that create a conflict or an apparent conflict with their duty to act in the best interest of DCI or DCI's clients. An employee must also avoid conflicts of interest arising from actions of his or her immediate family members.
- The DCI is audited by internal audit and an external auditor. Additionally, the compliance officer reports at least once yearly to the managing director on compliance issues and substantial violations in the observance of rules and regulations.

Development Company for Israel (International) Ltd.

Authorised and regulated by the Financial Conduct Authority

Development Company for Israel (Europe) GmbH

Competent supervisory authority: Bundesanstalt für Finanzdienstleistungsaufsicht

French branch of Development Company for Israel (Europe) GmbH

Competent supervisory authority: Bundesanstalt fuer Finanzdienstleistungsaufsicht, and Autorité des Marchés Financiers

infoEN@israelbondsintl.com | infoDE@israelbondsintl.com | infoFR@israelbondsintl.com | infoES@israelbondsintl.com