This is an English convenience translation of the original Hebrew version. In case of any discrepancy, the binding version is the Hebrew original

Israel Corporation Ltd.

Registrar's Number: 520028010

Form T460
(Public)

Transmission via Magna: 06/06/2022

Reference: 2022-01-070144

To:
The Securities Authority
www.isa.gov.il

To:
The Tel Aviv Stock Exchange Ltd.
www.tase.co.il

Immediate Report of a Meeting

Regulation 36B (a) and (d), and Regulation 36C of the Securities Regulations (Periodic and Immediate Reports), 5730 – 1970

Explanation: In the event that one of the items on the agenda of the meeting is the approval of a transaction with a controlling shareholder or the approval of an extraordinary proposal, then Form T133 or T138, accordingly, should first be filled in, and, subsequently, a report pursuant to this form is also required.

Is it possible to vote using the electronic voting system: *Yes*

Note: Selecting this field is possible only for foreign corporations (which are not registered in Israel) and for corporations whose securities are not listed for trading. Use of the voting system will require the corporation to process all of the votes that have been received through this system.

Link to the voting system website, where you can vote: **The voting system**

Explanation: Shareholders who are entitled to vote using the system will receive the details to access the system from the Stock Exchange members.

The corporation hereby announces: *The convening of a meeting.*
Note: In the event of any change in the date of the Meeting (whether moving forward or postponing) please select "Postponement of the Meeting" or "Postponement by court order" or "Postponement to an unknown date".

The reference number of the previous announcement of the Meeting is ______, which was convened on ________.

The cause of postponement or cancellation is ________________.

Explanation: Please refer to the reference number of the previous announcement of the convening or postponement of the Meeting.

1. Type of security: *Share*
   Name of the entitling security: *Israel Corporation 1 NIS*

   The number of the security on the Stock Exchange that entitles the holder thereof to participate in the meeting is: *576017*

   The record date for determining the entitlement to participate and vote at the meeting is: *June 13, 2022.*

   Note: If a Meeting is required on more than one security number, please report Form T460 for each additional security, separately. Reports that specify additional numbers of securities will require the sending of an amending report.

2. On the date of: *June 6, 2022*

It was resolved to *convene a Special General Meeting* _______________

that will be held on *Wednesday, July 13, 2022*, at *10:00* a.m.

at the address: *By using means of communications (in view of the limitations to prevent the spread of COVID-19).*
+972-03-9786688/ Participant's Code No. 84840656175 #.

3. On the agenda:

Explanation: Numbering the items on the agenda shall be in accordance with their order of appearance in the Report Convening the Meeting, if attached as a file.

The items/ resolutions which shall be brought at the general meeting:

1.

The item/ the resolution and the details thereof:

Approval of the updated Compensation Policy for the Company's Officers. For further details on this matter, see Section 2 of the Report attached hereto.

Summary of the Text of the Proposed Resolution: "To approve the updated Compensation Policy for the Company's Officers, as per the draft attached as Appendix A to this Report, as stated in the Report Convening the Meeting."

Approval of the Compensation Policy pursuant to Section 267A(a) of the Companies Law.

Note: A value from this table determines the text of the shareholder's declaration in the electronic voting system. For the exchange table, ***please click here*.**

Reference of the previous report regarding approval of a private placement (Form T138): ______

No transaction between the Company and a controlling shareholder thereof as stated in Sections 275 and 320(f) of the Companies Law.

Reference of the previous report in the matter (Form T133): _____________

Explanation of the section of the Companies Law or of the Securities Law or any other law for the approval of the resolution: _____________

Explanation: In the event of a transaction with a controlling shareholder which does not suit any of the fields in the table showing the sections of the law, please select the field "Declaration: No suitable field exists for classification" and select "Yes" transaction with a controlling shareholder.

Solely in the event of a Debenture Meeting or in the event of a non-controlling shareholder transaction, and if there is no suitable field in the table, please explain and specify the relevant sections of the law by virtue of which the resolution is required.

Does the matter require the disclosure of a connection or other characteristic of the voting shareholder: ______

Note: It is possible to select these fields only if "Declaration: No suitable field exists for classification" was marked in the previous table and it is not a transaction between the Company and the controlling shareholder thereof.

____

In the event of a Debenture Meeting

It has been decided that another interest exists: ________

Please specify the other interest _________

Note: The details of the other interest determine the text of the declaration which will be included in the electronic voting system. Please phrase a question to which the answer will be in the form of “Yes”/“No”. The question will appear in the voting system next to the resolution that is on the agenda and the voter will have the option of choosing between “Yes”/”No” and the option of adding details when the answer is “Yes”.

Request for additional details from the holders:
It has been decided to require additional details from the holders: *No*.

Specification regarding the additional details that are required from the holders or regarding the manner of convening the meetings (in case of a meeting according to [Section] 350): _________

Note: This field determines the text of the requirement for additional details which will be included in the electronic voting system. The voter will have the option of adding more details in a text box.

- ☐ Amendment of the disclosure.
- ☐ Minor change or a change that only entitles the Company as compared with the text of the resolution as specified in the previous report.
- ☐ Removed from the agenda.
- ☐ The item was discussed at a previous meeting.
- ☐ An item was changed / A new item was added to the agenda by a court order.
- ☐ An item was changed / A new item was added to the agenda pursuant to Regulation 5B of the Companies Regulations (Notice and Announcement of General Meetings and Class Meeting at a Public Company and the Addition of an Item to the Agenda), 5760-2000.
- ☐ A new item was added to the agenda after the record date due to a technical error, as detailed: _________

Explanation: After the record date, it is not possible to make an amendment to the resolution, except for an amendment to the terms and conditions of the transaction that benefits the Company or a minor modification. Moreover, after the record date, it is not possible to add new items to the agenda, except by way of a court order or in accordance with Regulation 5B of the Notice and Announcement Regulations.

The resolution on the agenda is brought *to be voted on*.

The type of the majority required for approval is *not a simple majority, as set forth in the Report Convening the Meeting, attached hereto*.

Will the controlling shareholder’s holding percentage of the corporation’s shares confer on the controlling shareholder the required majority to pass the proposed resolution? *No.*

2.
The item/ the resolution and the details thereof:

Approval of the updated terms of office and employment of Mr. Yoav Doppelt, as the Company’s CEO. For further details on this matter, see Section 3 of the Report attached hereto.

Summary of the Text of the Proposed Resolution: “To approve the terms of office and employment of Mr. Yoav Doppelt, as the Company’s CEO, as stated in the Report Convening the Meeting”.

Transaction with a CEO in connection with his terms of office and employment, pursuant to Section 272(c1)(1) of the Companies Law

Note: A value from this table determines the text of the shareholder's declaration in the electronic voting system. For the exchange table, ***please click here***.

Reference of the previous report regarding approval of a private placement (Form T138): ______

No transaction between the Company and a controlling shareholder thereof as stated in Sections 275 and 320(f) of the Companies Law.

Reference of the previous report in the matter (Form T133): _____________

Explanation of the section of the Companies Law or of the Securities Law or any other law for the approval of the resolution: _____________

Explanation: In the event of a transaction with a controlling shareholder which does not suit any of the fields in the table showing the sections of the law, please select the field "Declaration: No suitable field exists for classification" and select "Yes" transaction with a controlling shareholder.
Solely in the event of a Debenture Meeting or in the event of a non-controlling shareholder transaction, and if there is no suitable field in the table, please explain and specify the relevant sections of the law by virtue of which the resolution is required.

Does the matter require the disclosure of a connection or other characteristic of the voting shareholder: _____________

Note: It is possible to select these fields only if "Declaration: No suitable field exists for classification" was marked in the previous table and it is not a transaction between the Company and the controlling shareholder thereof.

____

In the event of a Debenture Meeting
It has been decided that another interest exists: ________
Please specify the other interest _________

Note: The details of the other interest determine the text of the declaration which will be included in the electronic voting system. Please phrase a question to which the answer will be in the form of "Yes"/"No". The question will appear in the voting system next to the resolution that is on the agenda and the voter will have the option of choosing between "Yes"/"No" and the option of adding details when the answer is "Yes".

Request for additional details from the holders:
It has been decided to require additional details from the holders: *No*.
Specification regarding the additional details that are required from the holders or regarding the manner of convening the meetings (in case of a meeting according to [Section] 350): _________

Note: This field determines the text of the requirement for additional details which will be included in the electronic voting system. The voter will have the option of adding more details in a text box.

- ☐ Amendment of the disclosure.
- ☐ Minor change or a change that only entitles the Company as compared with the text of the resolution as specified in the previous report.
- ☐ Removed from the agenda.
- ☐ The item was discussed at a previous meeting.
- ☐ An item was changed / A new item was added to the agenda by a court order.
- ☐ An item was changed / A new item was added to the agenda pursuant to Regulation 5B of the Companies Regulations (Notice and Announcement of General Meetings and Class Meeting at a Public Company and the Addition of an Item to the Agenda), 5760-2000.
- ☐ A new item was added to the agenda after the record date due to a technical error, as detailed: _________

Explanation: After the record date, it is not possible to make an amendment to the resolution, except for an amendment to the terms and conditions of the transaction that benefits the Company or a minor modification. Moreover, after the record date, it is not possible to add new items to the agenda, except by way of a court order or in accordance with Regulation 5B of the Notice and Announcement Regulations.

The resolution on the agenda is brought *to be voted on*.

The type of the majority required for approval is *not a simple majority, as set forth in the Report Convening the Meeting, attached hereto.*

Will the controlling shareholder's holding percentage of the corporation's shares confer on the controlling shareholder the required majority to pass the proposed resolution? *No.*

3.
The item/ the resolution and the details thereof:

Approval of the engagement in a settlement agreement in a Petition for the Certification of an Action as a Derivative Action (in the framework of Derivative Action 68729-11-17), the main details of which are set forth in Section 4 of the Report attached hereto.

Summary of the Text of the Proposed Resolution: "To approve the Company's engagement in a settlement agreement in a Petition for the Certification of an Action as a Derivative Action (in the framework of Derivative Action 68729-11-17), the main details of which are set forth in Section 4 of this Report (including any modification thereto, as shall be approved by the court)."

Declaration: No suitable field exists for classification.

Note: A value from this table determines the text of the shareholder's declaration in the electronic voting system. For the exchange table, ***please click here***.

Reference of the previous report regarding approval of a private placement (Form T138): ______

Yes transaction between the Company and a controlling shareholder thereof as stated in Sections 275 and 320(f) of the Companies Law.

Reference of the previous report in the matter (Form T133): *2022-01-070135*

Explanation of the section of the Companies Law or of the Securities Law or any other law for the approval of the resolution:

____

Explanation: In the event of a transaction with a controlling shareholder which does not suit any of the fields in the table showing the sections of the law, please select the field "Declaration: No suitable field exists for classification" and select "Yes" transaction with a controlling shareholder.
Solely in the event of a Debenture Meeting or in the event of a non-controlling shareholder transaction, and if there is no suitable field in the table, please explain and specify the relevant sections of the law by virtue of which the resolution is required.

Does the matter require the disclosure of a connection or other characteristic of the voting shareholder: ______

Note: It is possible to select these fields only if "Declaration: No suitable field exists for classification" was marked in the previous table and it is not a transaction between the Company and the controlling shareholder thereof.

____

In the event of a Debenture Meeting
It has been decided that another interest exists: ________
Please specify the other interest _________

Note: The details of the other interest determine the text of the declaration which will be included in the electronic voting system. Please phrase a question to which the answer will be in the form of "Yes"/"No". The question will appear in the voting system next to the resolution that is on the agenda and the voter will have the option of choosing between "Yes"/"No" and the option of adding details when the answer is "Yes".

Request for additional details from the holders:
It has been decided to require additional details from the holders: *No*.
Specification regarding the additional details that are required from the holders or regarding the manner of convening the meetings (in case of a meeting according to [Section] 350): _________

Note: This field determines the text of the requirement for additional details which will be included in the electronic voting system. The voter will have the option of adding more details in a text box.

- ☐ Amendment of the disclosure.
- ☐ Minor change or a change that only entitles the Company as compared with the text of the resolution as specified in the previous report.
- ☐ Removed from the agenda.
- ☐ The item was discussed at a previous meeting.
- ☐ An item was changed / A new item was added to the agenda by a court order.
- ☐ An item was changed / A new item was added to the agenda pursuant to Regulation 5B of the Companies Regulations (Notice and Announcement of General Meetings and Class Meeting at a Public Company and the Addition of an Item to the Agenda), 5760-2000.
- ☐ A new item was added to the agenda after the record date due to a technical error, as detailed: _________

Explanation: After the record date, it is not possible to make an amendment to the resolution, except for an amendment to the terms and conditions of the transaction that benefits the Company or a minor modification. Moreover, after the record date, it is not possible to add new items to the agenda, except by way of a court order or in accordance with Regulation 5B of the Notice and Announcement Regulations.

The resolution on the agenda is brought *to be voted on*.

The type of the majority required for approval is *not a simple majority, as set forth in the Report Convening the Meeting, attached hereto.*

Will the controlling shareholder's holding percentage of the corporation's shares confer on the controlling shareholder the required majority to pass the proposed resolution? *No.*

The Report Convening the Meeting is attached herewith: ***זימוןאסיפהמיוחדתב-13ביולי2022.isa.pdf***

4. Attached herewith is/are:

4.1 A file that contains the text of the Voting Form/Position Statements: ***נספחגכתבהצבעהסופי.isa.pdf***

Yes The text of the Voting Form
No Position Statements

Explanation: Should a Voting Form and/or Position Statement be attached, it is necessary to ascertain that they have been drawn up in accordance with the Companies Regulations (Voting in Writing and Position Statements), 5765-2005. The Company is required to collect together all of the position statements (as construed in Section 88 of the Companies Law, in a single file) in which the date of the publication of the statement will be specified, as well as from whom it was received, and a reference to the relevant page of the consolidated file.

4.2 A file that contains declarations of the candidates / other related documents:

____ The declaration of the candidate to serve as a director of the corporation
____ The declaration of an independent director
____ The declaration of an external director
____ The declaration of the appointment of a representative to the board of representatives

____ An amended deed of trust
____ A request for the approval of a creditors' arrangement pursuant to Section 350
____ Other______________________________

5. The quorum for holding of the Meeting:

Pursuant to the Company's Articles, the quorum for the purpose of holding the Meeting will be constituted when five shareholders are present, whether in person or by proxy, who have at least twenty five percent of the voting rights. If there is no quorum at the general meeting at the expiration of half an hour from the time appointed for the commencement of the Meeting, the Meeting will stand adjourned by one week to the same day and to the same time and the same place, without it being necessary to give notice thereof to the shareholders, and if no quorum is constituted at the adjourned meeting at the expiration of half an hour from the time appointed for the Meeting, the shareholders present will constitute a quorum.

6. ☑ In the absence of a quorum, the adjourned meeting shall be held on *July 20, 2022,* at *10:00 a.m.*
at the address: *By using means of communications (in view of the limitations to prevent the spread of COVID-19).*
+972-03-9786688/ Participant's Code No. 84840656175 #.

☐ In the absence of a quorum, the Meeting shall not be held.

7. The place and the times where it shall be possible to inspect any proposed resolution whose text has not been presented in full in the details of the agenda, above, is:
At the offices of Israel Corporation Ltd., 23 Aranha St., Millennium Tower, Tel Aviv, by prior arrangement and subject to the limitations set in order to prevent the spread of COVID-19, on Sundays through Thursdays, between 9:00 a.m. - 4:00 p.m.

Meeting Reference No.: __________

Note: The Meeting Reference Number is the reference number of the preliminary report. In the preliminary report on the meeting, this field remains empty.

Details of the signatories authorized to sign on behalf of the corporation:

	Name of Signatory	**Position**
1.	*Adv. Maya Alcheh-Kaplan*	*Other* *Vice President, General Counsel & Company Secretary*
2.	*Sagi Kabla*	*CFO* __________________________

Explanation: Pursuant to Regulation 5 of the Periodic and Immediate Reporting Regulations, 5730 – 1970, a report that is submitted pursuant to these Regulations shall be signed by the signatories authorized to sign on behalf of the corporation. The ISA Staff's position on this matter is available on the ISA's website: ***please click here*.**

The name of the authorized signatory to the report and the name of the authorized electronic signatory: Maya Alcheh-Kaplan
Position: Vice President, General Counsel & Company Secretary
Date of signature: June 6, 2022.

The reference numbers of previous documents in the matter (the reference does not constitute incorporation by reference):

Date of update of form structure: April 27, 2022

The securities of the corporation are listed for trading on the Tel Aviv Stock Exchange.
Short name: Israel Corporation
Address: P.O.B. 20456, Tel Aviv 61204 Tel: 03-6844517, 03-6844500, Fax: 03-6844587
Email: MAYAAK@ISRAELCORP.COM

Previous names of the reporting entity: The Israel Corporation Ltd.

Name of electronic reporter: Maya Alcheh-Kaplan
His *[sic]* position: Vice President, General Counsel & Company Secretary, Name of Employer Company:
23 Aranha St., Tel Aviv, 61204, Tel: 03 – 6844517, Fax: 03 – 6844587, E-mail: mayaak@israelcorp.com

This is an English convenience translation of the original Hebrew version. In case of any discrepancy, the binding version is the Hebrew original

June 6, 2022

To:

The Securities Authority	The Tel Aviv Stock Exchange Ltd.
Through the MAGNA system	Through the MAGNA system

Dear Sir/Madam,

Re: **Immediate Report of the Convening of a Special General Meeting of the Shareholders of Israel Corporation Ltd.**

An immediate report is hereby given in accordance with the Companies Law, 5759-1999 (hereinafter: the "**Companies Law**"), the Securities Regulations (Immediate and Periodic Reports) 5730-1970 (hereinafter: the "**Reporting Regulations**"), the Companies Regulations (Notice and Announcement of a General Meeting and a Class Meeting at a Public Company and the Addition of an Item to the Agenda), 5760-2000, the Companies Regulations (Voting in Writing and Position Statements), 5766-2005, (hereinafter: the "**Voting Regulations**"), and the Securities Regulations (Transaction Between a Company and a Controlling Shareholder Thereof) 5761-2001 (hereinafter: the "**Controlling Shareholder Regulations**"), with regard to the convening of a special general meeting of the shareholders of Israel Corporation Ltd. (hereinafter: the "**Company**"), which will be held on Wednesday, July 13, 2022, at 10:00 a.m., by using means of communications as stated in Section 5 of this Report below (hereinafter: the "**Meeting**"), for the purpose of passing the resolutions on the agenda, as set forth below:

1. **The Items on the Meeting's Agenda and a Summary of the Resolutions**

1.1 Approval of the updated Compensation Policy for the Company's Officers. For further details on this matter, see Section 2 below.

Summary of the Text of the Proposed Resolution: "To approve the updated Compensation Policy for the Company's Officers, as per the draft attached as Appendix A to this Report, as stated in the Report Convening the Meeting."

1.2 Approval of the updated terms of office and employment of Mr. Yoav Doppelt, as the Company's CEO. For further details on this matter, see Section 3 below.

Summary of the Text of the Proposed Resolution: "To approve the terms of office and employment of Mr. Yoav Doppelt, as the Company's CEO, as stated in the Report Convening the Meeting."

1.3 Approval of the engagement in a settlement agreement in a Petition for the Certification of an Action as a Derivative Action (in the framework of Derivative Action 68729-11-17), the main details of which are set forth in Section 4 below.

<u>Summary of the Text of the Proposed Resolution</u>: "To approve the Company's engagement in a settlement agreement in a Petition for the Certification of an Action as a Derivative Action (in the framework of Derivative Action 68729-11-17), the main details of which are set forth in Section 4 of this Report (including any modification thereto, as shall be approved by the court)."

2. **<u>Further Details with Respect to the Resolution in Section 1.1 – Approval of the Updated Compensation Policy</u>**

2.1 <u>Background</u>

2.1.1 On October 29, 2019, the general meeting of the shareholders of the Company approved, in accordance with the provisions of the Companies Law, a compensation policy for the Company's officers (hereinafter: the "**Current Compensation Policy**"), as updated and amended from time to time.[1]

2.1.2 In accordance with the provisions of the Companies Law, towards the expiration of three years from the date of approval of the previous Compensation Policy, and while taking into consideration the chnages that have occurred during this period and the Company's business strategy, the Audit and Compensation Committee and the Board of Directors of the Company examined the need to update the Compensation Policy for the purpose of bringing it for re-approval at the Meeting, so that it will take effect (subject to the approval thereof) from July 1, 2022.

2.1.3 Further to the discussions held by the Audit and Compensation Committee of the updated Compensation Policy, the Board of Directors of the Company discussed the updated Compensation Policy, and after considering the Audit and Compensation Committee's recommendation, on June 1, 2022, it approved the updated Compensation Policy which is the subject of this Report and it approved it being brought to the Company's general meeting, as convened herein.[2]

2.1.4 The updated Compensation Policy is attached as **<u>Appendix A</u>** to this Report, and it forms an integral part hereof (hereinafter: the "**Compensation Policy**" or the "**Updated Compensation Policy**").

2.1.5 In the course of formulating and approving the Updated Compensation Policy, considerations were taken into account (including, but not limited to, those that are set forth in the

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[1] See the Company's Reports dated September 12, 2019 and October 30, 2019 (Reference Nos.: 2019-01-095503 and 2019-01-092034, respectively), as well as the Company's Reports in connection with updates to the Compensation Policy, regarding directors' and officers' insurance, the threshold conditions for the granting of an annual bonus to the officers and the terms and conditions of Capital Compensation in Acquired Companies dated December 24, 2019, March 10, 2021, March 24, 2021 and November 21, 2021), incorporated herein by reference.

[2] For the majority that is required to approve the resolution, and the manner of approval thereof, see Section 6 of this Report.

Companies Law), which include, *inter alia*, advancing the Company's objectives, its work plan and its policy further to the updating of the Company's business strategy, and creating appropriate incentives for the officers, while considering, *inter alia*, the Company's risk management policy, the size of the Company and the nature of its activities through the prism of the update to the business strategy, as aforesaid, which includes its holdings as well as its expected investments, the officers' areas of responsibility, their contribution to the Company and to its shareholders from a long-term perspective, and while considering the Company's objective to strengthen the connection between the officers' compensation and the interests of all of the shareholders. In addition, considerations were weighed up of adjusting the ceilings set forth in the Compensation Policy, for the purpose of retaining the Company's incumbent officers, as well as increasing the possibility and the flexibility of recruiting appropriate officers to the Company, while bearing in mind the standard that exists at companies of the kind and size of the Company.

2.1.6 The updated terms of office and employment of Mr. Yoav Doppelt, the Company's incumbent CEO at the time of formulating the Updated Compensation Policy, were also determined while considering the Company's business strategy, and these terms are being brought for approval concurrently with the Updated Compensation Policy, which is being brought for approval by the Meeting pursuant to this Report, and they are consistent with the terms and conditions of the Updated Compensation Policy, as set forth in this Report.

2.1.7 The terms and conditions of the new Compensation Policy are in such format as takes into account, *inter alia*, the updating of and additions to the terms of compensation to which Mr. Yoav Doppelt, the Company's CEO, shall be entitled from ICL Group Ltd. (hereinafter: "**ICL**")**,** in respect of his term in office as the chairman of the Board of Directors of ICL, so that effective from July 2022, ICL shall bear approximately one half[3] of the total annual scope of the terms of compensation to which Mr. Doppelt shall be entitled in respect of his positions as the CEO of the Company and as the chairman of the Board of Directors of ICL (when, at the present time, prior to the update, the Company bears most of the said overall compensation terms), in such a manner that no significant change is expected to take place in the total scope of the compensation to which Mr. Doppelt shall be entitled in respect of his positions as the CEO of the Company and as the chairman of the Board of Directors of ICL, while also taking into account the termination of the Management Agreement between the Company and ICL[4] (effective from July

[3] This is assuming that the variable compensation shall be in the amount of the compensation ceilings to which Mr. Doppelt is likely to be entitled. See Section 3.3 of the Report below.

[4] For further details regarding the changes in accordance with the updating of the terms of office at ICL, including in connection with the termination of the Management Agreement between the Company and ICL, effective from July 1, 2022, see Article 21 of Part D (Further Details) of the Periodic Report

2022) in accordance with the modifications to the compensation format, as set forth above.

2.2 The Main Changes that have Taken Place in the Updated Compensation Policy as Compared with the Current Compensation Policy

For details regarding changes, updates and clarifications that have been made to the Updated Compensation Policy as compared with the Current Compensation Policy, see the marked convenience draft attached as **Appendix B** to this Report.[5] **It is clarified that for the purpose of showing the updates to the terms of compensation, some of the updates and amendments to the editing, including changes of location, are not marked in the convenience draft attached as Appendix B, which is intended to reflect updates and clarifications (that are not technical) to the terms of compensation, as aforesaid**. **In any event, the determining and binding draft of the Compensation Policy that is being brought for the approval of the Meeting in this Report is the clean draft of the Compensation Policy that is attached herewith as Appendix A to this Report, and this is the text that should be reviewed.**

It is clarified that a significant part of the adjustments to the Compensation Policy as set forth in Appendix B to this Report have been made for the purpose of rendering it consistent with the current terms of office that have previously been approved for the CEO, prior to the updating of the terms of office as proposed in this Report.[6]

Below is an overview of the main significant changes to the Updated Compensation Policy as compared with the Current Compensation Policy (in order to see all of the changes, their terms and conditions and the drafting thereof, see the Updated Compensation Policy that is attached as Appendix A to this Report):

2.2.1 **Updating and integration of the CEO's terms of office, as proposed in this Report** – the CEO's current terms of office, prior to the proposed update, were approved in deviation from the Company's Current Compensation Policy of July 2019 (as amended from time to time). The draft of the Updated Compensation Policy includes, *inter alia*, the integration of the CEO's current terms of office and employment, prior to the proposed update, into the Company's Compensation Policy, while making adjustments to the terms of office and employment proposed for the Company's CEO,[7] as are being brought for approval concurrently with the approval of the Updated Compensation Policy in this Report, as well as clarifications

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for 2021, dated March 24, 2022 (Reference No.: 2022-01-034903) (hereinafter: the "**Periodic Report for 2021**"), which is incorporated herein by reference.

5 Please be advised that updates and amendments to the Current Compensation Policy that have previously been approved (as stated in Footnote 1 of this Report, *supra*), have been incorporated into the text of the Current Compensation Policy, and these are not marked.

6 For details regarding the CEO's current terms of office, see Article 21 of Part D of the Periodic Report for 2021, as well as Section 2.3.2 of this Report below.

7 The proposed terms of office for the CEO also take into consideration the updates that will apply, effective from July 1, 2022, to his terms of office as the chairman of ICL, as set forth in Section 3 of the Report below.

and adjustments in connection therewith. Accordingly, the terms of office and employment proposed for the Company's CEO shall be in accordance with the provisions of the Company's Updated Compensation Policy. Given that, as stated in Section 2.1.7 above, the formulation of the proposed terms of office for the CEO forms part of the overall restructuring of the compensation to which he shall be entitled, the proposed Compensation Policy includes a provision whereby should Mr. Doppelt's terms of retirement as the chairman of the Board of Directors of ICL be inferior, as compared with those to which he was entitled prior to the updating of the compensation structure, the Company shall bear the difference that will arise, as will be approved by the Audit Committee and the Board of Directors of the Company at the relevant time, in order to prevent any reduction in the said terms of retirement (see Section 6.2.4 of the Compensation Policy). For further details, see Appendix B of the Report. For details regarding the CEO's terms of office and employment as proposed in this Report, see Section 3 of the Report.

2.2.2 **Updating the threshold condition for receiving an annual bonus –** an update of the text of the threshold condition for the granting of an annual bonus to the officers (including the CEO) in respect of the Target-Based Bonus Component, in accordance with the text of the threshold condition that was approved by the Meeting in the framework of the amendment to the Compensation Policy in respect of the years 2021-2022, in such a manner that the said amended threshold condition shall be determined in the policy for the entire application thereof, instead of the previous threshold condition.[8] For details, see Section 7.2.4 of the Compensation Policy.

2.2.3 **A cumulative grant of Capital Compensation in Acquired Companies to the Officers who are VPs –** an update to the terms of Capital Compensation in Acquired Companies of VPs, so that if the granting of such Capital Compensation was not made in the maximum amount to which they may be entitled pursuant to the Compensation Policy, the balance shall be carried forward for them for one additional year, similar to the CEO's current terms of office (and also the proposed terms). For further details, see Section 9.6.2.2 of the Compensation Policy and, also, respectively, additional updates to the Principles of the Capital Compensation in Acquired Companies (see Section 9.6 of the Compensation Policy).

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8 For details regarding the amendment to the threshold condition for the purpose of the annual Target-Based Bonus Component for the CEO and for the officers of the Company – with respect to the annual bonus for the years 2021 and 2022, see the Report Convening a Meeting, dated March 24, 2021 (Reference No.: 2021-01-044040), as approved by the meeting on April 29, 2021 (Reference No.: 2021-01-073935). It should be noted that the threshold condition that is being brought for approval by the Meeting pursuant to this Report, both in connection with the updating of the Compensation Policy and also with respect to the CEO's terms of office (Resolutions 1.1 and 1.2 on the agenda), is in the format of the threshold condition that was approved in respect of the years 2021 and 2022, as aforesaid. It is clarified that should any of the resolutions on the agenda in connection with the approval of the terms of office of the Company's CEO and the approval of the Updated Compensation Policy not be approved, then the threshold condition that was amended in the Report Convening a Meeting dated March 24, 2021, as aforesaid, shall continue to apply, in any event, with respect to the bonus for 2022 for the CEO and for the rest of the Company's officers.

2.2.4 **Updating the Vesting Period of Capital Compensation in Acquired Companies for Officers who are VPs and Consolidating it with that of the CEO –** in the Current Compensation Policy, the vesting period of the Capital Compensation in Acquired Companies for officers who are VPs was linked to the last date of the allocation of the Capital Compensation that was granted to them at the Company. Due to the lengthy period of time that has elapsed since the last grant date of Capital Compensation in the Company to the Officers who are VPs (December 2020), an adjustment has been made to the current vesting terms of the Capital Compensation in the Acquired Companies, which, as of the date of this Report, constitutes a postponement of the commencement of the vesting period, so that these terms will be aligned with the CEO's corresponding vesting terms, in such a manner that the aforesaid vesting shall commence on January 1st of the year in respect of which the Capital Compensation in Acquired Companies was granted to the VP due to the completion of an Investment Transaction, upon such terms and conditions as set forth in the Compensation Policy.[9] For details, see Section 9.6.6 of the Compensation Policy.

2.2.5 **Updating the Salary Ceilings for the Officers and the Ceiling of the Annual Bonus for the VPs –** as part of the considerations for updating the Compensation Policy as stated in Section 2 of this Report, the ceilings have been updated, as set forth below:

2.2.5.1 <u>The monthly salary ceilings</u> – the monthly salary ceilings[10] have been updated so that the monthly salary of the Company's CEO shall be up to NIS 150,000[11] (instead of up to NIS 135,000), and the monthly salary of the VPs is up to NIS 100,000 (instead of up to NIS 90,000), and all upon such terms and conditions as set forth in the Compensation Policy. For details, see Section 4.4 of the Compensation Policy.

2.2.5.2 <u>The ceiling of the annual bonus for the VPs</u> – the ceiling of the annual bonus for the officers who are VPs has been updated so that it shall be up to 9 salaries (instead of up to 6 salaries in the Current Compensation Policy). For details, see Section 7.2.1 of the Compensation Policy.

2.2.6 **Other main updates** – updating the ratio between the components of the compensation package (Section 3 of the Compensation Policy); the addition of a target of milestones in the making of investments in

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9 It is clarified that the terms and conditions of the Compensation Policy being brought for approval shall not derogate from the terms of allocation and vesting in respect of the grant that was made prior to the approval thereof, as stated in Footnote 28 of the Updated Compensation Policy.

10 Which are linked to the Index in respect of the month of December 2012.

11 This amount is relevant to the outline of the CEO's employment as the CEO of the Company and as the chairman of ICL, and it does not include the fee that is paid to the Company's CEO, as it will be from time to time, in respect of his service as the chairman of the Board of Directors of ICL and payments related thereto or deriving therefrom (see also Section 3 below).

acquired companies and a target of measurable targets of held companies to the basket of the measurable targets from which the Compensation Committee and the Board of Directors of the Company shall select targets for the purpose of the annual bonus to the officers (Section 7.2.5 of the Compensation Policy); the acceleration of the vesting of the Capital Compensation in Acquired Companies in cases of a change of control at the Company (also for the CEO) (Section 9.6.11 of the Compensation Policy); it was clarified that the vesting period of the Capital Compensation in the Company and in Acquired Companies would continue to apply until the expiration of the officer's advance notice period (Sections 6.2.1 and 9.6.12 of the Compensation Policy).

2.3 The Manner of Implementation of the Current Compensation Policy

2.3.1 The compensation for the Company's Officers, except for the Company's CEO, is consistent with the provisions of the Company's Current Compensation Policy.

2.3.2 The current terms of office and employment for the Company's CEO were approved by the general meeting of the Company's shareholders, in deviation from the Company's Current Compensation Policy on June 27, 2019, as updated from time to time. For details regarding the terms of office that were approved, as aforesaid, see the Report Convening the Company's Meeting dated June 16, 2019 (Reference No.: 2019-01-059392), which is incorporated herein by reference (hereinafter: the "**Report Convening a Meeting to Approve the Terms of the Incumbent CEO**").[12]

2.3.3 In accordance with the Current Compensation Policy, the chairman of the Board of Directors of the Company is entitled to remuneration that is identical to that of the other directors of the Company, in accordance with the Remuneration Regulations.

2.4 Agreements which are Not Consistent with the Company's Current Compensation Policy

For details regarding the current terms of office and employment of the Company's CEO, Mr. Yoav Doppelt, which were approved in deviation from the Current Compensation Policy, as aforesaid, see the Report Convening a Meeting to Approve the Terms of the Incumbent CEO and the Report Updating the Terms of Capital Compensation. It is clarified that together with the approval of the proposed Updated Compensation Policy, updated terms of

[12] It should be noted that on December 27, 2021, the meeting approved an update to the terms of Capital Compensation for the Company's CEO, which form part of the CEO's current terms of compensation, as set forth in the Report Convening a Meeting dated November 21, 2021 (Reference No.: 2021-01-168939), which is incorporated herein by reference (hereinafter: the "**Report Updating the Terms of Capital Compensation**"). For details regarding the terms of office and compensation that have been actually paid to Mr. Doppelt in respect of 2021, see Article 21 of Part D (Further Details) in the Company's Periodic Report for 2021, which is incorporated herein by reference. For further details regarding Mr. Doppelt, see also Article 26A of Part D (Further Details) in the Company's Periodic Report for 2021.

office and employment for the Company's CEO, which are consistent with the provisions of the Updated Compensation Policy, are also being brought for approval pursuant to this Report.

2.5 Additional Reasons for Approving the Updated Compensation Policy

2.5.1 As stated above, the updating of the Compensation Policy has been done ahead of the date scheduled for re-approval in accordance with the provisions of the law, and while taking into consideration the changes that have taken place in the Company's business environment since the approval of the Current Compensation Policy and the Company's business strategy, and it is intended to adjust the structure of the officers' compensation to the Company's targets, which are derived from these changes, while also considering the update to the strategy, as aforesaid, and the update to the terms of the Company's CEO as the chairman of the Board of Directors of ICL.

2.5.2 Following the modification to the overall format of the compensation for the Company's CEO, including due to his term in office as the chairman of the Board of Directors of ICL, and while considering the termination of the Management Agreement with ICL, as set forth in Section 3 of this Report, the CEO's monthly salary which is received from the Company has been reduced, and, accordingly, the ceiling of the CEO's annual bonus, which is paid by the Company, has also been reduced, in such a manner that after the proposed update, there will be no significant change in the scope of the total annual compensation to which Mr. Doppelt shall be entitled in respect of his positions at the Company and at ICL.

2.5.3 The Updated Compensation Policy takes into account the adjustments that are required, as have been made from time to time in the course of amendments to the Policy and to the terms of office for the Company's CEO, as a consequence of the experience that has been acquired in connection with the implementation of the Company's business strategy, *inter alia*, in the framework of the updating of the targets for the annual bonus and the possibility of the granting of Capital Compensation in the Company and in the Acquired Companies.

2.5.4 The updated ceilings of the monthly salary for the officers and the ceilings of the annual bonus for the VPs have been updated, while taking into consideration changes to the market conditions since the said ceilings were determined, in the framework of the approval of the Company's Compensation Policy in 2015, about seven years ago, and the Company's interest in its ability to retain the officers and its ability to recruit suitable officers to serve at the Company.

2.5.5 The granting of the Capital Compensation in the Company strengthens the connection between the interests of the Company's shareholders and the officers' compensation, from a long-term perspective, and it constitutes a compensation component that is standard practice at public companies in Israel and around the world.

In addition, the Capital Compensation in the Company is based on the creation of value for the shareholders, and in the event of the granting of options to officers of the Company (who are not directors), the exercise price of the options will include a premium of 5%.

2.5.6 The granting of Capital Compensation in connection with the Acquired Companies is intended to constitute an incentive for creating value for the Company from new investments in accordance with the Company's business strategy, and it is conditional compensation, which is based on the creation of value for the Company, in such a manner that is consistent, *inter alia*, with the reasons and the grounds for the approval of the amendment of the Compensation Policy as set forth in the Report Updating the Terms of Capital Compensation, and these include the following:

2.5.6.1 Basing a significant part of the compensation on variable compensation that depends on performance and that depends on the making and improvement of new investments, is coherent with the Company's policy and strategy, and it is also consistent with the Company's interests to maximize the value from the Company's investments (current and new), and all from a long-term perspective, and in accordance with the Company's success.

2.5.6.2 The Capital Compensation in Acquired Companies is intended, *inter alia*, to link the officer's compensation to the achievement of the Company's targets from a long-term perspective.

2.5.6.3 In this respect, it has been taken into account that the capital compensation in new investments is forward-looking, and it is dependent upon new investments being actually made, when the exercise price of the Options for Shares in an Acquired Company and the Options for Designated Shares, has been set according to the Company's Investment Price (as defined in the Compensation Policy), in such a manner that is aimed at the officer being likely to gain from the value of the benefit inherent in the actual increase of the price of the designated shares only in the event of the betterment of the said investments.

2.5.7 The capital compensation ceilings at the Company and at Acquired Companies have been found to be fair and reasonable. The Fair Value Ceiling of the Options in Acquired Companies or Options for Designated Shares takes it into account that the acquired companies may be private companies (without liquidity).

2.5.8 The Audit and Compensation Committee and the Board of Directors of the Company have found that the overall compensation mix for the officers reflects an appropriate balancing between fixed compensation and variable compensation, which is, for the most part, based on performance-dependent compensation.

2.5.9 The inclusion of a framework for the granting of capital compensation to the directors serves the Company's best interests, and it will make it possible, should it be decided to implement it, to strengthen the congruity between the directors' compensation and the Company's shareholders, and it is in line with the Company's aspiration to recruit to its ranks, in accordance with its needs, professional directors with the appropriate skills and experience.

2.5.10 The ratio that is determined in the policy between the capital compensation and the current compensation for the directors creates, in the opinion of the Audit and Compensation Committee and the Board of Directors, an appropriate balance between the various compensation components for the directors, from a long-term perspective.

For additional considerations (including the considerations pursuant to the Companies Law), see the Updated Compensation Policy.

3. **Further Details with Respect to the Resolution in Section 1.2 – Approval of the Terms of Office and Employment for the Company's CEO**

3.1 Mr. Yoav Doppelt has served as the CEO of the Company since July 2019, and at the same time, Mr. Doppelt also serves as the chairman of the Board of Directors of ICL Group Ltd. (hereinafter: "**ICL**"), which is controlled by the Company (44.1%) and which constitutes a strategic holding of the Company.

3.2 Mr. Doppelt's current terms of office at the Company were approved by the general meeting on June 27, 2019, as updated from time to time.[13] Mr. Doppelt's terms of office at ICL were approved by the institutions of ICL.

3.3 On March 30, 2022, the general meeting of the shareholders of ICL approved Mr. Doppelt's reappointment as a director of ICL, as well as updated terms of compensation for Mr. Doppelt in respect of his term in office as the chairman of the Board of Directors of ICL, which terms will come into effect on July 1, 2022.[14]

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[13] For details, see Section 2.3.2 above. See also Footnote 8 above.

[14] The updated terms of office for Mr. Doppelt at ICL are in an annual scope of approximately NIS 6 million, and they include, *inter alia*: (1) the annual cost of employment in the amount of NIS 1.8 million; (2) the entitlement to an annual bonus in the amount of NIS 1.2 million, in accordance with such terms and conditions as determined; and (3) arrangements in connection with the termination of employment. In addition, a three-year bonus has been approved for Mr. Doppelt for the years 2022-2024, of non-negotiable options, exercisable into ordinary shares of ICL, in a total amount of NIS 9 million, or NIS 3 million for each year of vesting. For further details regarding the updated terms of compensation for Mr. Doppelt at ICL, effective from July 1, 2022, as approved on March 30, 2022 as aforesaid, see ICL's Report Convening a Meeting dated February 17, 2022 (Reference No.: 2022-02-017277), and an update thereto dated March 23, 2022 (Reference No.: 2022-02-033931); and also Section 6(b) of ICL's Report (in the version translated into Hebrew), which is included in the Company's Immediate Report dated March 16, 2022 (Reference No.: 2021-01-031030), incorporated herein by reference.

3.4 Ahead of the expiration of three years from the date of the approval of the terms of office of the Company’s incumbent CEO, and while taking into consideration the updates that will apply, as aforesaid, effective from July 1, 2022, to his terms of office as the chairman of ICL, it is proposed to approve updated terms of office and employment for the Company’s CEO, effective from July 1, 2022, as set forth in this Report below.

3.5 The terms of office of the Company’s CEO, which are being brought for the Meeting’s approval pursuant to this Report, are in a format that takes into account the updating of and additions to the terms of compensation to which Mr. Yoav Doppelt shall be entitled (effective from July 2022) from ICL in respect of his term in office at ICL, and accordingly, the terms of office for the Company’s CEO (effective from July 2022), which are being brought for approval, have been reduced as compared with those terms to which he is currently entitled from the Company, in such a manner that no significant change is expected to take place in the total scope of the compensation to which Mr. Doppelt shall be entitled in respect of his positions as the CEO of the Company and as the chairman of the Board of Directors of ICL.

3.6 In the Company’s opinion, in view of the CEO’s position as the chairman of the Board of Directors of ICL and the inputs invested by him in connection with ICL, the updating of the compensation structure as aforesaid – in such a manner that ICL shall bear approximately one half[15] of the overall annual scope of the terms of compensation to which Mr. Doppelt shall be entitled (when, at the present time, prior to the update, the Company bears most of the said overall compensation terms) – appropriately and aptly reflects the appropriate compensation structure and the appropriate terms of office to which Mr. Doppelt shall be entitled from the Company in respect of his position as the Company’s CEO, while the total scope of Mr. Doppelt’s duties, both as the CEO of the Company and as the chairman of the Board of Directors of ICL, amounts to a full-time position.[16]

3.7 Therefore, the terms of compensation for the Company’s CEO, which will be borne by the Company in a reduced scope as compared with the terms of compensation to which the CEO is currently entitled from the Company, are hereby brought for approval pursuant to this Report Convening a Meeting, and all as set forth in this Report below.

3.8 On June 1, 2022, the Board of Directors of the Company approved, further to the approval of the Audit and Compensation Committee (as set forth in Section 3.17.11 of the Report), the updated terms of office and employment of Mr. Yoav Doppelt as the Company’s CEO, effective from July 1, 2022, and it approved these terms being brought to the Meeting, as convened herein. These approvals were given while taking into consideration, *inter alia*, the updating of Mr. Doppelt’s terms of office as the chairman of the Board of Directors of ICL, as aforesaid, and in view of the fact that they are

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[15] This is assuming that the variable compensation shall be in the amount of the compensation ceilings to which Mr. Doppelt is likely to be entitled. See Section 3.3 of the Report below.

[16] For further details regarding the changes in accordance with the updating of the terms of office at ICL, including in connection with the termination of the Management Agreement between the Company and ICL, effective from July 1, 2022, see Article 21 of Part D (Further Details) in the Company’s Periodic Report for 2021, which is incorporated herein by reference.

consistent with the Company's Updated Compensation Policy, which is being brought for approval pursuant to this Report, and after the Audit and Compensation Committee and the Board of Directors of the Company had deliberated upon the considerations and provisions as required pursuant to the Companies Law.[17]

3.9 **The period of the engagement and the scope of the position** – Mr. Doppelt will continue to serve in the total scope of a full-time position, while also taking into account his office as the chairman of the Board of Directors of ICL, for an unspecified period, subject to the approval of his terms of office and employment in accordance with the provisions of the law.

3.10 **Compensation** – below are details of the compensation to which the CEO will be entitled from the Company:

3.10.1 Salary – A monthly salary in the amount of approximately NIS 100,000 (gross) (hereinafter: the "**Monthly Salary**").[18]

3.10.2 Related Terms – Related terms in keeping with standard practice at the Company and in accordance with the Company's Compensation Policy, including social benefits, including 26 vacation days, 22 sick days, contributions and deposits to a pension fund/senior employees' insurance, a continuing education fund, insurance for loss of capacity to work, convalescence benefits, and additional related terms such as use of a vehicle, certain grossed-up tax amounts, telephone expenses, a 13th salary, and so on and so forth. The total of all of the aforesaid related terms to which the CEO will be entitled in respect of a particular year will not exceed 50% of his annual salary in that year.[19] In addition, as per standard practice at the Company and in accordance with its Compensation Policy, the CEO is entitled to a reimbursement of expenses in connection with his position and his office, in accordance with the procedures in effect at the Company.

3.10.3 Advance Notice and Adjustment Period – In the event of the termination of his office, the CEO is entitled to advance notice and to an adjustment period, in accordance with the provisions of the Compensation Policy, and as set forth below:

3.10.3.1 **Advance Notice** – The CEO is entitled to an advance notice period of six months, in any event of the termination of his office, except in the event in which severance pay can be negated pursuant to law. During the advance notice period,

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[17] The contents of this Report do not derogate from the terms of office pursuant to the Company's Compensation Policy, which is also being brought for approval pursuant to this Report.

[18] It is clarified that for the purposes of this Report, the "13th salary" includes updates thereto, if made. The Monthly Salary shall be linked to the Consumer Price Index, and the index known on the date of determining the salary will serve as the Base Index.

[19] It is clarified that this percentage has been calculated based on the assumption that the vacation days are taken, and it does not include increased retirement compensation or an adjustment period, as set forth below.

the Monthly Salary will be paid to the CEO,[20] he will be entitled to the related terms and also, during this period, the vesting period of the Capital Compensation in Acquired Companies that was granted to the CEO shall continue to apply, until the expiration of the advance notice period. The CEO will be entitled to the *pro rata* share of the annual bonus in relation to the bonus year during which his office came to an end, including in respect of the advance notice period during which he continued to actually serve in his position, if he so continued, and provided that the terms and conditions for receiving an annual bonus have been satisfied with respect to the said year.

3.10.3.2 **Adjustment Period** – The CEO is entitled to an adjustment period of six months (which does not overlap the advance notice period) as stated in the Compensation Policy.

3.10.4 <u>Severance Pay/Retirement Pay</u> – In any event of the termination of the CEO's employment, except in cases in which severance pay can be negated pursuant to law, the CEO is entitled to severance pay/retirement pay at a total rate of two (2) Monthly Salaries (in accordance with the amount of his last Monthly Salary prior to the date of the retirement), in respect of each year of work.[21] For details in connection with additional provisions that apply regarding severance pay/retirement pay, see Section 6.2.3 of the Compensation Policy.

3.10.5 Given that CEO's updated terms of office, together with his updated terms of office as the chairman of the Board of Directors of ICL, were not intended to derogate from his overall terms of office, as they are prior to the updating of the terms of office, in the event that Mr. Doppelt's updated terms of retirement and termination of employment as the chairman of the Board of Directors of ICL, including pursuant to the provisions of ICL's Compensation Policy, shall be inferior as compared to the terms of office as set forth in Sections 3.10.3 and 3.10.4 above, then Mr. Doppelt shall be entitled to the difference, if any, from the Company, in such a manner that the change in the compensation structure shall not derogate from the terms to which he is entitled, as aforesaid, in accordance with his current terms of office, and the Company shall bear this difference, as will be approved by the Audit Committee and the Board of Directors of the Company on the relevant date.

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[20] It is clarified that for the purposes of this Report, the "13th salary" includes updates thereto, if made. The Monthly Salary shall be linked to the Consumer Price Index, and the index known on the date of determining the salary will serve as the Base Index.

[21] However, should the last salary be lower than the salary to which the CEO was entitled during his term in office, then for the purpose of the severance pay/retirement pay, the CEO's salary shall be taken into account as it was throughout the period during which it was paid, and his lower salary shall be taken into account solely in respect of the period during which it was paid (and their weighted average in accordance with the relevant periods shall constitute the "Last Salary").

3.10.6 **Annual Bonus** – The CEO is entitled to an annual bonus based on measurable criteria, which are derived from the Company's actual performance in the relevant calendar year with respect to the targets that have been determined in the work plan, in advance, with respect to that year, except for an insignificant part of the bonus that is based on discretion, as stated in Section 3.10.6.2 below. The manner of determining the annual bonus and the composition thereof, including the criteria for the annual bonus for the CEO, will be determined by the Audit and Compensation Committee and the Board of Directors of the Company in accordance with the provisions of the Compensation Policy,[22] and the provisions set forth below:

3.10.6.1 The annual bonus consists of a component that is based on the Company's targets (hereinafter: the "**Target-Based Bonus Component**") and an insignificant component that is based on discretion (hereinafter: the "**Discretionary Bonus Component**"), and it is subject to the threshold condition for the granting of the bonus in respect of a Target-Based Bonus Component, as set forth in Section 7.2.4 of the Compensation Policy.[23]

3.10.6.2 The Discretionary Bonus Component will constitute up to three times the CEO's Monthly Salary, and the total compensation in respect of the Discretionary Bonus Component and the Target-Based Bonus Component will not exceed the ceiling stated in Section 3.10.6.4 below. It should be noted that the Discretionary Bonus Component will be determined in accordance with the assessment of the Chairman of the Board of Directors of the Company and subject to the approval of the Audit and Compensation Committee and the Board of Directors of the Company, and the granting thereof will not be subject to the Minimum Profit (as defined in the Compensation Policy).[24]

3.10.6.3 In the framework of the Target-Based Bonus Component, the Audit and Compensation Committee and the Board of Directors of the Company will choose between two targets to six targets, which will be measurable performance targets or measurable financial targets, from out of the targets specified in Section 7.2.5 of the Compensation Policy, and in accordance with the weights determined therein, and in accordance with the provisions of Sections 7.2.3, 7.2.6 and 7.2.7 of the Compensation Policy.[25]

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[22] For details with respect to the annual bonus pursuant to the Compensation Policy and the manner in which it is determined, see Section 7 of the Compensation Policy.

[23] See Footnote 8, *supra*.

[24] For details regarding the possibility of granting a discretionary bonus pursuant to the Company's Compensation Policy, see Section 7.2 of the Compensation Policy.

[25] It is clarified that the targets in connection with the annual bonus for 2022 were determined a long while ago, in accordance with the CEO's current terms of office.

3.10.6.4 The annual bonus, including all of the components that are described in Section 3.10.6.1 above will not exceed 12 times the CEO's Monthly Salary (when, as stated in Section 3.10.6.2 above, out of that amount, the Discretionary Bonus Component will constitute up to three times the Monthly Salary).[26]

3.10.6.5 Exclusion of Exceptional Events – From the calculation of the performance for the purpose of the Target-Based Bonus Component, exceptional events will be excluded and/or events will be excluded that are not related to the current operations of the Company and/or of companies held by it as stated below, so that these will not affect the entitlement to the annual bonus and the calculation thereof in the bonus year in which they took place, provided that the effect thereof was not taken into account in advance for the bonus year, as stated in Section 7.2.8 of the Compensation Policy.

3.10.6.6 With respect to the authority of the Board of Directors to reduce the bonus and to reimburse amounts that are based on financial statements, Sections 7.3 and 7.4 of the Compensation Policy will apply, respectively.

3.10.6.7 As aforesaid, in the event of the termination of employment during a bonus year, the CEO will be entitled to a *pro rata* bonus in respect of the period during the said bonus year in which he continued to actually perform his position (including during the advance notice period), subject to the conditions of entitlement to the annual bonus in respect of the said bonus year, and it will be paid on the date of the payment of the annual bonuses to the officers serving at the Company at that time.

3.10.6.8 With respect to the conversion of part of the annual bonus into Capital Compensation in Acquired Companies, see Section 3.10.7 of this Report.

3.10.7 **Capital Compensation in New Investments –** In respect of each completion of the Company's engagement in a new investment[27] (hereinafter: "**Investment Transaction**" and the "**Acquired Company**," respectively), the CEO is entitled to receive, without consideration, capital compensation that will consist of option

[26] For details regarding the annual bonus that was paid to the CEO in respect of 2021, see Article 21 of Part D (Further Details) of the Annual Report. For details regarding the expected annual bonus (if paid), in accordance with the terms of employment as proposed in this Report, based on a representative year, see the Table in Section 3.13 of this Report below. It is clarified that as regards the annual bonus for 2022, a Monthly Salary as it was from January 1, 2022 to June 30, 2022, pursuant to the CEO's current terms of office, and a Monthly Salary as expected, subject to the approval of the updated terms of office, from July 1, 2022 to December 31, 2022, as proposed in this Report, shall be taken into account.

[27] The Compensation Committee and the Board of Directors may approve that receipt of shares by the Company as a consequence of spin-off measures, a merger or a restructuring of the companies held by the Company shall be deemed to be an Investment Transaction for the purpose of the grant of capital compensation, as stated below.

warrants convertible into shares of the Acquired Company, automatically and without requiring any additional approvals from the Company's organs (hereinafter: the "**Options for Shares in the Acquired Company**") or, in cases in which, in the framework of an Investment Transaction, it is not possible, for any reason whatsoever, for the Acquired Company to grant Options for Shares in the Acquired Company to the CEO upon the completion of the Investment Transaction, the CEO will be entitled to receive, without consideration, options for the purchase of shares in the Acquired Company from the Company, relative to the number of shares out of those shares in the Acquired Company that will be purchased by the Company (hereinafter: the "**Designated Shares**" and the "**Options for the Designated Shares**"), as soon as possible after the completion of the Investment Transaction, automatically and without requiring any additional approvals from the Company's organs, and all in accordance with the principles as set forth in Section 9 of the Compensation Policy, and in accordance with the terms set forth below (hereinafter: the "**Capital Compensation in Acquired Companies**").

3.10.7.1 The Capital Compensation in Acquired Companies to which the CEO will be entitled shall be subject to the terms and provisions as set forth in Section 9 of the Compensation Policy, including the principles as set forth in Section 9.6 of the Compensation Policy, the threshold condition as set forth in Section 9.6.1 of the Compensation Policy, the provisions in connection with the vesting of the Capital Compensation in Acquired Companies as set forth in Section 9.6.6 of the Compensation Policy, the provisions in connection with the exercise period, the exercise price and the exercise mechanism as set forth in Sections 9.6.7 – 9.6.9 of the Compensation Policy, the limitation with regard to the maximum Capital Compensation in Acquired Companies as set forth in Section 9.6.5 of the Compensation Policy, as well as additional provisions with respect to Options for Designated Shares as set forth in Section 9.6.18 of the Compensation Policy.

3.10.7.2 In addition to the foregoing in connection with the threshold condition as stated in Section 3.10.7.1 above, with respect to the granting of capital compensation on account of part of the annual bonus (as stated in Section 9.6.1 of the Compensation Policy), the value of the annual grant of the capital compensation to the CEO shall equate to (subject to what is stated in Section 9.6.5 of the Compensation Policy) NIS 3 million per calendar year (the value as of the date of the grant, when the economic value will be determined in accordance with the Black-Scholes model or with the binomial model or with any other generally accepted economic model for the performance of valuations, as will be determined by the Audit and Compensation Committee) (hereinafter: the "**Basic**

Annual Grant").[28] If, at the time of the performance of an Investment Transaction, an additional Investment Transaction is expected in the same calendar year, the Audit and Compensation Committee shall determine the value of the capital compensation that will be granted to the CEO in respect of each Investment Transaction out of the Basic Annual Grant or the Cumulative Grant, as the case may be (provided that the aggregate amount of the value of the capital compensation in respect of all of the Investment Transactions in that calendar year shall not exceed the total of the Basic Annual Grant or the Cumulative Grant to the CEO, as the case may be). It should be clarified that the CEO will be entitled to one grant only of Capital Compensation in each Acquired Company.

3.10.7.3 If, in a particular calendar year, the Company does not perform an investment transaction or if the value of the capital compensation that was actually received by the CEO in any particular year is lower than the Basic Annual Grant for any reason whatsoever, the part that was not granted will be carried forward to one additional calendar year only (the amount of the Basic Annual Grant in respect of a particular calendar year, including the amounts carried forward from the previous calendar year, and which can be used in that year, shall hereinafter and hereinabove be referred to as: the "**Cumulative Grant for the CEO**"). It should be clarified that in any granting of capital compensation, the grant shall first be applied in respect of the differences accumulated from the previous year, and thereafter, in respect of that year.

3.10.7.4 The terms and conditions of the Capital Compensation in Acquired Companies will include adjustments, in keeping with standard practice, to protect the CEO, as the offeree, as stated in Section 9.6.10 of the Compensation Policy, as well as provisions in connection with the full acceleration of the vesting period in cases as stated in Section 9.6.11 of the Compensation Policy.

3.10.7.5 The terms for the Options for Shares in an Acquired Company or Options for Designated Shares will include provisions whereby at the time of exercise in a certain Acquired Company, the exercise amount that will be

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[28] Accordingly, in respect of the period from July 1, 2022 to December 31, 2022, the CEO is entitled to the value of an annual grant of NIS 1.5 million (in addition to the value of the grant in the amount of NIS 1.5 million to which the CEO is entitled in respect of the period from January 1, 2022 to June 30, 2022, and in the additional amount of NIS 1.5 million as a Cumulative Grant in respect of 2021). It is clarified that in the event of the granting of Options for Designated Shares, the Audit and Compensation Committee shall determine the number of Options for Designated Shares that are derived from the value of the Capital Compensation in Acquired Companies as of the date of the grant that will be granted to the CEO (in accordance with the economic model that will be determined, as stated in this section above).

transferred to the CEO following the exercise shall be limited to the amount of the gross aggregate profit attributed to the Company from all of the investments in the Acquired Companies at the time of the exercise. Should amounts remain that were not transferred to the CEO as a result of the foregoing, they will be kept and transferred to the CEO only if there is an increase in the aggregate profit in the coming years.

3.10.7.6 In any event of the termination of the CEO's employment, the provisions as set forth in Sections 6.2.1 and 9.6.12 of the Compensation Policy shall apply with respect to the Capital Compensation to the CEO.

3.10.7.7 For further details, see Section 9 of the Compensation Policy, attached as Appendix A to this Report. For details in connection with the expected value of the grant of the Capital Compensation in Acquired Companies in a representative year, upon the satisfaction of the conditions required therefor, see the Table in Section 3.13 of the Report below.

3.11 The Audit and Compensation Committee may approve an immaterial change to the terms and conditions of office and employment of the CEO. For this purpose, "**immaterial change**" – means a change whose impact on the total annual cost of the CEO's compensation is not greater than 10% (in accordance with Section 12.11 of the Compensation Policy).

3.12 **Indemnity and Insurance** – The CEO will be entitled to a letter of indemnity undertaking in accordance with the Company's Compensation Policy, in such draft as was attached to the Report Convening a Meeting of the Company dated September 13, 2018 (Reference No. 2018-01-087141), incorporated herein by reference, which was given to him by the Company, and this Report or the approval of the terms pursuant hereto shall not derogate from said letter. It should be stated that the CEO is included, and will continue to be included, in the insurance arrangements for the Company's officers, as will be in effect from time to time and in accordance with the Compensation Policy.

3.13 Below is a summary of the expected compensation as of the present time for the CEO in respect of one full representative year, in accordance with the terms of office and employment as proposed in this Report, assuming that he serves in office for the whole of the representative year, and in terms of cost to the Company (in NIS thousands)*:

Details of the recipient of the compensation				**Compensation for services**			
Name	**Position**	**Scope of position**	**Holding percentage of the Corporation's capital**	**Salary**	**Bonus**	**Share-based payment**	**Total**
Mr. Yoav Doppelt	CEO	Full-time **[1]**	–	1,800 **[2]**	1,200 **[3]**	3,000 **[4]**	6,000 **[5], [6]**

* The compensation amounts are stated in terms of cost to the Company and in accordance with what is stated in Section 3.10.2 of this Report, in terms of one full representative year as per the

said terms of office and employment. It is clarified that the total compensation actually paid by the Company in respect of 2022 may be higher, due to the changing of the format of the compensation effective from July 1, 2022, as stated in this Report (see Sections 2.1.7 and 3.3 of the Report) and the reduction in the scope of the compensation paid by the Company to the CEO commencing from said date only, subject to the approval of the said terms.

[1] While also taking into account his term in office as the chairman of the Board of Directors of ICL. For details regarding Mr. Doppelt's terms of office and employment as the chairman of the Board of Directors of ICL, see Note **[6]** to the Table below and Section 3.3 of this Report above.

[2] The cost of the salary is presented in terms of cost to the Company, which includes a Monthly Salary of approximately NIS 100,000 (linked to the Index) and terms as stated in Section 3.10.2 of the Report.

[3] The actual amount of the annual bonus in respect 2022 will only become apparent after the end of the year, and in accordance with the results for 2022. The presented amount is according to the ceiling of the annual bonus (gross) for the CEO which, as per the proposed terms, is 12 Monthly Salaries. For details regarding the manner of the calculation of the annual bonus for the CEO, see Section 3.10.6 above. As of the present time, the amount of the annual bonus that will be granted to the CEO cannot be forecast. For details regarding the CEO's undertaking that an amount equal to up to 23% out of the net annual bonus amount to which the CEO is actually entitled (if any) will be granted in Options for Shares in Acquired Companies, as the case may be, see Section 9.6.1 of the Compensation Policy, attached as Appendix A to this Report.

[4] The granting of the Capital Compensation to the CEO in the Acquired Companies is subject to the performance of Investment Transactions. The value of the capital compensation in new investments in respect of 2022, if granted, will actually become apparent only on the date of the grant, in the event that an investment is made in an Acquired Company. Subject to the aforesaid terms and conditions, and to the rest of the terms and conditions and parameters that have been determined for the granting of such Capital Compensation to the CEO, the presented amount is based on the annual value of the capital compensation, which equates to NIS 3 million, and all in accordance with and as set forth in Section 3.10.7 above (not including the Cumulative Grant to which the CEO is entitled). It should be noted that the value of the grant that will be presented in Article 21 of Part D of the Company's Periodic Reports will be presented according to the generally accepted accounting principles (GAAP), and not in a linear manner.

[5] In connection with the capital compensation in respect of 2022, see Note **[4]** above.

[6] The compensation that is set forth in the Table does not include the CEO's terms of office and employment as the chairman of the Board of Directors of ICL, which were approved by ICL's institutions and which are not being brought for approval pursuant to this Report. For further details, including with respect to the compensation components at ICL, see Section 3.3 above. In addition, Article 21 of Part D of the Company's Periodic Report presents the details of the total compensation that is being granted to Mr. Doppelt in respect of his service as the chairman of the Board of Directors of ICL, in accordance with the provisions of the law.

3.14 While taking into account the small number of the Company's employees, most of whom are admin staff, and while taking into consideration the nature of the Company as a holding company, the Audit and Compensation Committee and the Board of Directors of the Company believe that the ratio between the cost of employment of the CEO in accordance with his proposed terms of office and employment and the average and median cost of employment of the rest of the Company's employees is not relevant to the employment relationships at the Company, and it has no adverse effect on the employment relationships at the Company.[29]

[29] In accordance with the salary data for the rest of the employees of the Company for 2021, the ratio between the cost of employment of the CEO in accordance with his proposed terms of office and employment and the average and median cost of employment of the rest of the Company's employees equates to approximately 17.6 and approximately 26.9, respectively, while taking into account the cost

3.15 The ratio between the compensation package components

Given payment from the Company of the maximum compensation components, the *pro rata* share of the variable component[30] out of the total compensation to the CEO will equate to approximately 70%.[31]

3.16 For further details regarding the proposed terms of office for the Company's officers, see the Updated Compensation Policy, attached as **Appendix A** to this Report.

3.17 The main reasons of the Audit and Compensation Committee and the Board of Directors of the Company:

After examining the considerations pursuant to the Companies Law and also additional data, the Audit and Compensation Committee and the Board of Directors of the Company approved the CEO's terms of office and employment, and they found that the CEO's terms of compensation are in the Company's best interests, they are reasonable given the circumstances of the matter, and they are consistent with the Compensation Policy that is also being brought for approval pursuant to this Report, based on the main reasons set forth below:

3.17.1 In March 2019, the Board of Directors of the Company decided to update the Company's business strategy, and it was the CEO who led and is continuing to lead the integration and implementation thereof. In the Board of Directors' opinion, the CEO has the experience and the qualifications that are required in order to continue to lead and implement the updated strategy and, therefore, his continued employment is in the Company's best interests. Therefore, in the course of the approval of the CEO's updated terms of office, emphasis was placed on the CEO's suitability to continue lead the Company's updated strategy, in view of his extensive professional experience as a manager, including at public companies of a significant size, and also in view of his record at the local and international level in improving investments, in making investments, and in realizing investments through offerings and M&A transactions, etc., and while taking into account his experience and his performance at the Company and at the Group's companies since he assumed office, as well as the investment transaction that he led during this past year.

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of Mr. Doppelt's salary as the CEO of the Company and as the chairman of the Board of Directors of ICL.

[30] The fixed component includes salary, related terms and a severance pay component. For the purpose of calculating the variable compensation, a theoretical calculation was made, assuming receipt of the maximum annual bonus (see Section 3.10.6.4 above) and capital compensation in new investments in the amount of the full Basic Annual Grant (see Section 3.10.7.2 above).

[31] Given the maximum compensation components. It should be noted that the actual ratios are likely to vary in accordance with the actual compensation.

3.17.2 In determining the CEO's terms of office, the Audit and Compensation Committee and the Board of Directors of the Company took into account, *inter alia*, the degree of responsibility that is imposed on the CEO, his duties and areas of responsibility, the scope of the position and the complexity of its characteristics, as a consequence of the implementation of the Company's business strategy, which includes the making of investments in line with the Company's strategy as well as the importance of the Company's holding of ICL. With that in mind, the Audit and Compensation Committee and the Board of Directors of the Company addressed the need for the CEO to invest a significant part of his time in leading the Board of Directors of ICL as well as the need to retain the CEO in his position with the Company for the long-term, while giving him appropriate incentives.

3.17.3 The Audit and Compensation Committee and the Board of Directors of the Company determined that the CEO's updated terms of office should be approved, considering that the updated terms of office do not include any significant change to the total scope of the compensation to which Mr. Doppelt shall be entitled from the Company and from ICL, and while the Company's direct share of the amount of the compensation that will be paid to the CEO out of the total compensation, as aforesaid, will be reduced, together with the termination of the Management Agreement with ICL, as set forth in Sections 2.1.7 and 3.3 of this Report above.

3.17.4 In the opinion of the Audit and Compensation Committee and the Board of Directors, the updating of the format of the compensation – which includes changing the manner of dividing up the cost of the total scope of Mr. Doppelt's annual compensation in respect of his duties as the CEO of the Company and as the chairman of the Board of Directors of ICL, while reducing the Company's direct share out of the total amount of the compensation – appropriately reflects the proper division in the investment of the CEO's time between his activities at the Company and his activities at ICL, which is of the utmost importance to the Company.

3.17.5 A significant part of the CEO's compensation (which will constitute the main compensation to which the CEO may be entitled from the Company) will be based on variable compensation, which is not guaranteed, in such a manner that is consistent, *inter alia*, with the grounds and reasons for approving the amendment of the CEO's terms of capital compensation, as set forth in the Report Updating the Terms of Capital Compensation, including the following:

3.17.5.1 Basing a significant part of the compensation on variable compensation that depends on performance and that depends on the making and improvement of new investments, is coherent with the Company's policy and strategy, and it is also consistent with the Company's interests in maximizing value from the Company's investments (current and new), and all from a long-term perspective and in accordance with the Company's success.

3.17.5.2 The Capital Compensation in Acquired Companies is intended, *inter alia*, to link the officer's compensation to the achievement of the Company's targets from a long-term perspective when, with regard to the Company's CEO, the threshold condition pursuant to which he will undertake that a certain percentage of the bonus amounts to which he is entitled shall be granted as capital compensation with regard to the Acquired Company, also links a significant part of the CEO's compensation to the risks that the Company bears at the time of entering into new investments.

3.17.5.3 In this respect, it has been taken into account that the capital compensation in new investments is forward-looking, and it is contingent upon new investments being actually made, when the exercise price of the Options for Shares in an Acquired Company and the Options for the Designated Shares, has been determined according to the Company's Investment Price (as defined in the Compensation Policy), in such a manner that is aimed at the officer being likely to gain from the value of the benefit inherent in the actual increase of the price of the Designated Shares only in the event of the improvement of the said investments.

3.17.6 The Audit and Compensation Committee and the Board of Directors of the Company have determined that the composition of the updated compensation package for the CEO, including the amount of the ceiling for the annual bonus (which is lower, compared to the current terms of office, given the reduction of the Monthly Salary), as well as the ratio between the fixed component and the variable component in the compensation terms, are appropriate, reasonable and suitable for the CEO's position, taking into account the experience that he has acquired since he assumed office; taking into account the Company's updated strategy and the targets that lie ahead; and, in particular, taking into account the fact that most of the compensation components are performance-based, measurable and forward-looking, which the Board of Directors views as a challenge.

3.17.7 In addition, while taking into account the small number of the Company's employees, most of whom are admin staff, and while taking into consideration the nature of the Company as a holding company, the Audit and Compensation Committee and the Board of Directors of the Company believe that the ratios between the proposed salary cost for the CEO and the salary cost for the rest of the Company's employees, including the average cost and the median cost, which are reasonable in and of themselves, are not relevant to the employment relationships at the Company, and have no adverse effect on the employment relationships at the Company.

3.17.8 The mix of the CEO's employment terms at the Company strikes a balance between the various components and the retention of a reasonable ratio between them, in order to create the maximum incentive for his performance on an ongoing basis, in the short-term, and to maximize the Company's profits in the long-term.

3.17.9 The Audit and Compensation Committee and the Board of Directors of the Company have determined, also in view of the experience acquired by the CEO since he assumed office, that the engagement is for the Company's benefit, that the consideration in respect of his employment as the CEO is appropriate and fair, and that it creates appropriate balances and incentives for achieving the Company's targets, while taking into account the Company's work plan as a consequence of the strategy and the Company's actual performance, and all, while taking into consideration the size of the Company, its strength, status and positioning as an international investment and holding company, and the fact that the granting of compensation is standard practice in private equity funds, a practice that has been determined as being relevant for the purpose of examining the compensation terms for the CEO.

3.17.10 The CEO will continue to be entitled to be included in the officers' liability insurance policies, as per standard practice at the Company, and to the granting of a letter of indemnity undertaking, by virtue of the following reasons:

3.17.10.1 The provision of insurance coverage to the officers is for the Company's benefit, because it allows the Company's officers to fulfil their position as required and for the Company's benefit, while taking into consideration the risks entailed in the Company's operations and the personal liability that is imposed pursuant to law on the Company's officers and on directors, in particular, due to their actions as officers of the Company.

3.17.10.2 The granting of the Letter of Indemnity Undertaking to the Company's officers is for the Company's benefit, because the Letter of Indemnity Undertaking allows the Company's officers, including the Company's directors, to fulfil their position as required and for the Company's benefit, while taking into consideration the risks entailed in the Company's operations and the personal liability that is imposed pursuant to law on the officers and on directors, in particular, and also due to the importance of the existence of the Letters of Indemnity Undertaking for the officers' performance.

3.17.10.3 The granting of an indemnity undertaking is standard practice at many public companies in Israel, including companies whose operations are similar in scope and nature to the Company's operations, and such undertaking has been given, in the past, to officers and directors of the Company.

3.17.10.4 The Letter of Indemnity Undertaking is consistent with the provisions of the Company's Compensation Policy and it is subject to the provisions of the Companies Law.

3.17.11 Further to the discussions held by the Audit and Compensation Committee on February 9, 2022, May 24, 2022 and June 1, 2022, and further to the discussions held by the Board of Directors of the Company on February 9, 2022, May 26, 2022 and June 1, 2022 – on June 1, 2022, the Audit and Compensation Committee approved, and thereafter, the Board of Directors of the Company approved, unanimously, the CEO's terms of office and the engagement with him, as aforesaid, and they recommended that the general meeting convened herein approve them.[32]

4. **Further Details with Respect to the Resolution in Section 1.3 – Approval of the Engagement in a Settlement Agreement**

Below is a summary of the main points in connection with the engagement in the Settlement Agreement:

4.1 Background

In November 2017, a petition was filed with the Tel Aviv District Court for the Certification of a Derivative Action (hereinafter: the "**Petition for Certification**"), on behalf of Oil Refineries Ltd. (known by its Hebrew acronym, "**Bazan**"), which is jointly controlled by the Company, against O.P.C. Rotem Ltd.[33] (hereinafter: "**Rotem**"), against the directors of Bazan and against the Company.[34] The subject-matter of the Petition for Certification is a contractual engagement from 2011, for the sale of electricity from Rotem to Bazan, for a number of years, in a total scope that is estimated, in the Petition for Certification, in an amount of approximately US $800-900 million (hereinafter: the "**Transaction**"). According to the Petitioner, this is a transaction that was made without authorization, *inter alia*, given that it is an extraordinary transaction of Bazan: because it was not made during Bazan's normal course of business; because it was likely to have a material effect on Bazan's earnings; and also because there are indications that it was not made according to market conditions. The Petitioner also claims that the controlling shareholder of Bazan had a personal interest in the Transaction, and, therefore, the engagement in the Transaction should have

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32 As regards the majority required to approve the resolution, and the manner of approving it, see Section 6 of this Report.

33 A subsidiary controlled by O.P.C. Energy Ltd. (hereinafter: "**O.P.C.**").

34 On the date that is the subject of the events described in the Petition for Certification, the Company was the controlling shareholder of Bazan and, indirectly, it was also the controlling shareholder of Rotem. Since 2015, the Company no longer holds O.P.C. or Rotem. As of the date of the Report, the Company is deemed to be a controlling shareholder of Bazan, and there are relations of control (indirectly) between O.P.C. and the Company.

obtained the approval of Bazan's general meeting – approval that was not obtained.

The remedies sought in the Petition for Certification are (in a nutshell): (a) a declaration that the engagement between Bazan and Rotem is invalid, or that it is cancellable; (b) an order to prevent the implementation of the engagement until all of the authorizations required for this purpose have been obtained; (c) a ruling that Rotem is required to reimburse Bazan for the amounts that were paid to Rotem in connection with the Transaction, or, in the alternative – part of the said payment; (d) a court order that all of the Respondents are required to compensate Bazan in respect of the damage that was caused to it as a result of the engagement in the Transaction.

The Petitioner did not quantify the damage that was allegedly caused to Bazan, but, rather, he claimed that the clarification of the amount of the damage should be left to the stage after the certification of the action as a derivative action. Nevertheless, the Petitioner stated that there are several indications that some damage does indeed exist. It should be noted that even though the first financial remedy being claimed in the action is to determine that any payment that was made by Bazan to Rotem is unlawful, and even though the scope of the payments (in the Transaction as a whole, both in the part that has already been performed and also in the part that has not yet been performed) was estimated by the Petitioner in the amount of US $800-900 million, nevertheless, this remedy was not directed against the Company – against which, as aforesaid, the only remedy sought is compensation in respect of damage.

On July 10, 2018, the Company filed its Response to the Petition for Certification. A Motion to Dismiss the Petition for Certification *in Limine*, which was filed by Bazan, and which was joined by the Company, was denied by the court in October 2018. Evidentiary hearings in the case have not yet been held.[35]

4.2 Further Details in connection with the Settlement Agreement

Prior to the first evidentiary hearing on the Petition for Certification, the parties reached a settlement agreement, the main points of which will be summarized below (hereinafter: the "**Settlement Agreement**"):

4.2.1 As against the settlement of all of the disputes that are the subject of the Petition for Certification and the Action, the amount of NIS 2.5 million (the amount includes all of the settlement components, including interest and linkage, remuneration, fees and VAT) (hereinafter: the "**Settlement Amount**"), shall be paid to Bazan, for the purposes of a settlement, within 30 days from the date on which the judgment certifying the Settlement Agreement shall become peremptory – according to the following breakdown[36]:

[35] For details regarding the legal proceeding, see Note 18.B.1.E of the annual financial statements that were attached to the Company's Periodic Report for 2021; to complete the picture, see also the Company's Immediate Report dated December 5, 2017 (Reference No.: 2017-01-108934).

[36] VAT will be added to the Settlement Amount, as required by law.

4.2.1.1 The amount of NIS 1.825 million, out of the Settlement Amount, shall be paid by Rotem[37];

4.2.1.2 The amount of NIS 425,000, out of the Settlement Amount, shall be paid by Clal Insurance Company Ltd., the company that insures the officers;

4.2.1.3 The amount of NIS 250,000 shall be paid by the Company.

It should be clarified that the parties are not jointly and severally liable for making the payment of the Settlement Amount, as aforesaid.

4.2.2 Bazan has undertaken that should it engage, during the five years following the signing of the Settlement Agreement, in an agreement to purchase electricity from Rotem, except with respect to such types of agreements as determined in an agreement (hereinafter: the "**Future Agreement with Rotem**"), and as long as Bazan and Rotem have joint relations of control, and subject to Section 4.2.3 below – then without Bazan recognizing its obligation to do so by virtue of the provisions of the law, including the provisions of the Companies Law, the Future Agreement with Rotem only will be brought for the approval of Bazan's general meeting as per the requirement for the approval of an extraordinary transaction in which a controlling shareholder has a personal interest pursuant to Sections 270(4) and 275 of the Companies Law.

4.2.3 The Petitioner, Bazan, and any person or entity on their behalf finally and irrevocably settle and waive all of the claims, arguments and causes of action that they have or that they may have in connection with the Petition and the Action, against Rotem, Bazan, the Company, their officers, their employees, their directors and any corporation related thereto.

4.2.4 The Settlement Agreement shall put a full, complete and final end to all of the disputes between the parties with respect to the Petition and the Action, and also to the present and future legal proceedings in connection, directly or indirectly, with the claims that are the subject of said proceedings, without any of the parties admitting any of the other parties' claims or the existence of any cause of action.

4.2.5 The engagement in the Settlement Agreement is subject to final and peremptory approval by the court. It is clarified that should the court not approve the Settlement Agreement or should the court make the approval of the Settlement Agreement contingent upon conditions that are deemed unacceptable by any of the parties, any party will be entitled to cancel the Settlement Agreement, in its sole and absolute discretion, and in such an event, all of the provisions of the Settlement Agreement shall be rendered null and void.

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[37] Insofar as pertains to Rotem, VAT as required by law will also be added to this amount, subject to Rotem being able to offset the said payment of VAT.

4.2.6 Should the Settlement Agreement be rendered null and void for any reason whatsoever, the parties have undertaken not to make any use of the Settlement Agreement (or any materials relating thereto, including drafts that have been exchanged between the parties) or of the provisions determined therein. In such an event, a reimbursement obligation shall apply with respect to all of the amounts that were paid (if any) in accordance with the Settlement Agreement, including the obligation to reimburse remuneration, expenses and fees paid by the Petition and his counsel, if any.

4.2.7 The Settlement Agreement is subject to the approval of the Boards of Directors of the relevant companies, to the approvals of the Audit Committee and the general meeting of the relevant companies (insofar as required), and also to the court's approval, as stated above.

4.2.8 For the sake of caution, and considering what is stated in Section 4.4.1 below, the Settlement Agreement is brought for the approval of the Meeting convened herein, while taking into account the manner in which the Settlement Amount is divided up, as set forth above.

4.3 Summary of the reasons of the Audit Committee and the Board of Directors for approving the engagement in the Settlement Agreement

The Audit Committee and the Board of Directors of the Company approved the Company's engagement in the Settlement Agreement, in view of the main reasons set forth below:

4.3.1 The Settlement Agreement reflects a correct and appropriate balance for the Company in connection with the legal proceedings that are the subject of the Petition for Certification and the various disputes between the parties.

4.3.2 Approval of the Settlement Agreement is reasonable and fair under the circumstances of the matter, *inter alia*, considering the complexity of the conducting of the legal proceedings and the inherent risk entailed therein, the assessment with respect to the period of time that it would take to conduct the legal proceedings, the managerial inputs and the costs entailed in connection with the proceedings, and all – without any admission whatsoever being made by the Company in connection with what is stated in the Petition for Certification.

4.3.3 The engagement in the Settlement Agreement will put an end to all of the legal disputes between the parties, in such a manner that will also be beneficial for the Company.

4.3.4 The Audit Committee and the Board of Directors of the Company have also taken into account, among the other relevant considerations, the fact that the amount that the Company is required to pay pursuant to the Settlement Agreement is a negligible amount for the Company, and its *pro rata* share out of the Settlement Amount is relatively small, in such a manner that is commensurate, in the opinion of the Audit Committee and the Board of Directors, with the limitation of the Company's involvement, as reflected in the Petition for Certification (and, as aforesaid, the Company does not admit what is claimed therein).

In view of the foregoing, the Audit Committee and the Board of Directors of the Company believe that the Settlement Agreement is reasonable and fair, it correctly serves the Company's interests in connection with the legal proceedings that are the subject of the Petition and the Action, and it is for the Company's benefit.

4.4 Further Details in accordance with the Controlling Shareholder Regulations

4.4.1 The name of the controlling shareholder that has a personal interest in the resolution, and the nature of the personal interest

Millennium Investments Elad Ltd. (hereinafter: "**Millennium**") and Mr. Idan Ofer are deemed to be joint controlling shareholders of the Company for the purposes of the Securities Law, 5728-1968 (hereinafter: the "**Securities Law**"). For details regarding the control of the Company, see Article 21A of the part entitled "Further Details" in the Periodic Report for 2021, whose details are incorporated herein by reference.

To the best of the Company's knowledge, and while taking into account the (indirect) relations of control which exist in Kenon Holdings Ltd. (hereinafter: "**Kenon**"), which is a controlling shareholder of O.P.C. (which holds the control of Rotem), and in the Company (which is, as aforesaid, also a controlling shareholder of Bazan), and in view of the fact that the Company's engagement in the Settlement Agreement is being done together with Bazan and with Rotem, then, for the sake of caution, the Company deems the engagement in the Settlement Agreement to be a transaction in which the controlling shareholder has a personal interest.

4.4.2 The names of the directors who have a personal interest in the resolution, and the nature of the personal interest

As of the date of the Report, the incumbent directors, Mr. Aviad Kaufman, Mr. Amnon Lion and Mr. Yair Caspi, may be deemed to have a personal interest in the approval of the resolution on the agenda of the Meeting convened herein, due to the office held by Mr. Kaufman and Mr. Caspi at Kenon and/or at companies related thereto, and due to their holding office as directors of O.P.C., and also due to the office held by Mr. Aviad Kaufman, Mr. Amnon Lion and Mr. Yair Caspi as directors of corporations that are related to and/or have a connection to Mr. Idan Ofer. For details regarding the directors, see also Article 26 of Part D of the Periodic Report for 2021.

4.4.3 Transactions of the type of the transactions that are the subject of this Report, between the Company and its controlling shareholders

There are no transactions of the type of the transactions that are brought for the approval of the Meeting convened in this Report or similar transactions, between the Company and its controlling shareholder, or in which the Company's controlling shareholder has a personal interest, which are still in effect on the date of the approval by the Board of Directors as aforesaid or which were signed during the two-year period preceding the said approval of the Board of Directors.

4.4.4 The manner in which the consideration was determined

The terms and conditions of the Settlement Agreement were determined subsequent to negotiations that were held between the parties to the Petition for Certification, and while taking into consideration the remedies sought in the Petition for Certification as well as the circumstances of the matter, and after weighing up the relevant considerations, *inter alia*, in consultation with the Company's legal advisors.

The Audit Committee and the Board of Directors of the Company approved the Settlement Agreement, in accordance with the reasons whose main points were set forth in Section 4.3 above.

4.5 The approvals required to pass the resolution set forth in Section 1.3 of the Meeting's agenda

4.5.1 The Audit Committee of the Company discussed, at its meetings held on October 3, 2021, November 16, 2021 and May 24, 2022, the matter of the Settlement Agreement and it resolved to approve, unanimously, subject to the approval of the Company's Board of Directors and the Company's general meeting, the resolution set forth in Section 1.3 of this Report. The discussions of the Audit Committee were attended by all of the members of the Committee, Mr. Yaakov Amidror (an outside director) – the chairman of the Committee, Joshua (Josh) Rosenzweig (an outside director) and Victor Shohet (an independent director).

4.5.2 The Company's Board of Directors, at its meetings held on October 3, 2021, November 17, 2021 and May 26, 2022, resolved to approve, unanimously, subject to the approval of the Company's general meeting, the resolution set forth in Section 1.3 of this Report. The following people participated at the stage of the discussions and in the resolutions of the Board of Directors: Mr. Yaakov Amidror (an outside director), Joshua (Josh) Rosenzweig (an outside director), Victor Shohet (an independent director), Ms. Tali Bellish-Michaud (an independent director) and Ms. Ruth Solomon (an independent director) (at the meeting dated May 26, 2022).[38]

It should be clarified that the Settlement Agreement is contingent upon obtaining the court's approval, as stated in Section 4.2.5 above.

5. Notice of the Convening of a Special General Meeting

Notice is hereby given that a special general meeting of the Company's shareholders will be held on Wednesday, July 13, 2022, at 10:00 a.m., by using means of communications (in view of the limitations to prevent the spread of COVID-19), whose agenda comprises the passing of the resolution as set forth above. **Connect to the Meeting using the following number: +972-03-9786688/ Participant's Code No. 84840656175 #**.

[38] Ms. Bellish-Michaud did not participate in the meeting held on October 3, 2021.

6. **The Majority Required to Pass the Resolutions on the Meeting's Agenda**[39]

6.1 The majority that is required at the Meeting, to approve the resolution proposed in Section 1.1 above, is a majority of the shareholders who are present at the Meeting, in person or by proxy, provided that one of the following is satisfied: (1) the count of the votes of the majority at the general meeting will include a majority of all the votes of the shareholders who are not controlling shareholders of the Company or entities with a personal interest in the approval of the Compensation Policy, who are participating in the vote; the count of all the votes of the said shareholders will not take into account the votes of the abstaining shareholders; (2) the total of the votes against, from among the shareholders as stated in paragraph (1) above, will not exceed a rate of two percent (2%) of the total voting rights at the Company.

Any entity with a personal interest will be subject to the provisions of Section 276 of the Companies Law, *mutatis mutandis*.

6.2 The majority that is required at the Meeting, to approve the resolutions proposed in Sections 1.2 and 1.3 above is a majority of the shareholders who are present at the Meeting, in person or by proxy, provided that one of the following is satisfied: (1) the count of the votes of the majority at the general meeting will include a majority of all the votes of the shareholders who are not controlling shareholders of the Company or entities with a personal interest in the approval of the proposed resolution, who are participating in the vote; the count of all the votes of the said shareholders will not take into account the votes of the abstaining shareholders; (2) the total of the votes against, from among the shareholders as stated in paragraph (1) above, will not exceed a rate of two percent (2%) of the total voting rights at the Company.

Any entity with a personal interest will be subject to the provisions of Section 276 of the Companies Law, *mutatis mutandis*.

7. **Quorum and Adjourned Meeting**

Pursuant to the Company's Articles, the quorum for the purpose of holding the Meeting will be constituted when five shareholders are present, whether in person or by proxy, who have at least twenty five percent of the voting rights. If there is no quorum at the general meeting at the expiration of half an hour from the time appointed for the commencement of the Meeting, the Meeting will stand adjourned by one week to the same day and to the same time and the same place, without it being necessary to give notice thereof to the shareholders, and if no quorum is constituted at the adjourned meeting at the expiration of half an hour from the time appointed for the Meeting, the shareholders present will constitute a quorum.

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[39] To the best of the Company's knowledge, the Company's shareholding controllers do not hold shares at a rate that will confer on them the majority that is required to pass the resolutions proposed in Sections 1.1, 1.2 and 1.3 on the Meeting's agenda, because for the purpose of passing said resolutions, a special majority is required. It should be noted that the Audit Committee, and, thereafter, the Board of Directors, shall be entitled to act to cause the approval of the resolutions proposed in Sections 1.1 and 1.2 on the Meeting's agenda in accordance with the provisions of Sections 267A(c) and 272(c1)(2) of the Companies Law, as the case may be.

8. **The Record Date and Proof of Ownership of a Share**

The record date for determining the eligibility of a shareholder of the Company to vote at the general meeting, as stated in Section 182(c) of the Companies Law and Section 3 of the Voting Regulations, is at the end of the Stock Exchange trading day of Monday, June 13, 2022, and if no trading is conducted on the record date, then on the first trading day prior thereto (hereinafter: the "**Record Date**").

In accordance with the Companies Regulations (Proof of Ownership of a Share for the Purpose of Voting at the General Meeting), 5760-2000, any shareholder in whose favor a share is registered with a member of the Tel Aviv Stock Exchange Ltd. and which share is included amongst the shares of the Company which are registered in the Register of Shareholders, in the name of a nominee company, and who wishes to vote at the general meeting, will submit to the Company confirmation from the said member of the Stock Exchange, with whom his title to the share is registered, with regard to his ownership of the share, on the Record Date, in accordance with the form in the Schedule of the aforesaid Regulations (hereinafter: "**Confirmation of Ownership**").

Such a shareholder is entitled to receive the Confirmation of Ownership from the member of the Stock Exchange through whom he holds his shares, at the branch of the Stock Exchange member or by dispatch by mail to his address, in consideration of mailing costs only, if he so requested. A request in this matter will be given in advance, for a particular securities account.

9. **Manner of Voting**

9.1 **Voting By Proxy**

A shareholder who is entitled to participate in and vote at the Meeting, may vote, in person or by proxy, in accordance with that stated in the Company's Articles. A shareholder who wishes to vote by proxy, as set forth above, will deposit the Power of Attorney at the Company's registered office at least 48 hours prior to the time appointed for the Meeting or for the adjourned meeting, as the case may be.

9.2 **Voting By Voting Form and Sending Position Statements**

In accordance with the Voting Regulations, a shareholder who is entitled to participate in and vote at the Meeting may vote on a resolution submitted for the Meeting's approval, by using a voting form. For this purpose, the vote of a shareholder who voted using a voting form will be counted, as if he had been present at and participated in the Meeting. The vote using a voting form, with regard to a shareholder who wishes to vote using a voting form instead of his participation at the Meeting in person and/or by proxy, will be done using the Second Part of the Voting Form, which is attached herewith as **Appendix C** to this Report.

The Voting Form and the documents that need to be attached thereto as specified in the Voting Form will be submitted to the Company's offices up to 4 hours prior to the time for the convening of the Meeting. For this purpose, the time of submission is the time when the Voting Form and the documents that need to be attached thereto arrived at the Company's offices.

A member of the Stock Exchange will send, by email, without consideration, the link to the text of the Voting Form and the voting forms on the Distribution Site, to any shareholder who is not registered in the Register of Shareholders, and whose shares are registered with the said Stock Exchange member, unless the shareholder notified the Stock Exchange member that he does not wish to receive such link or unless he gave notice that he wishes to receive voting forms by post, in consideration of mailing costs only.

The addresses of the websites of the Israel Securities Authority and the Tel Aviv Stock Exchange Ltd., where the text of the Voting Form, the position statements (if submitted to the Company) and the updated agenda (if published) are available, are as set forth below – the distribution site of the Israel Securities Authority is: http://www.magna.isa.gov.il (hereinafter: the "**Distribution Site**"); and the website of the Tel Aviv Stock Exchange Ltd. is: https://maya.tase.co.il. A shareholder may also apply directly to the Company and receive from it the text of the Voting Form and the position statement, if submitted.

One or more shareholders holding, on the Record Date, shares at a rate which constitutes five percent or more of the total voting rights at the Company, and also any shareholder holding such rate out of the total voting rights which are not held by the controlling shareholder of the Company, as defined in Section 268 of the Companies Law, may inspect the voting forms as specified in Regulation 10 of the Voting Regulations.

As of the present date, the number of shares which constitute 5% of the total voting rights of the Company is: 381,307 ordinary shares having a par value of NIS 1.00 each of the Company (excluding treasury shares and rounding up fractions of shares).

As of the present date, the number of shares which constitute 5% of the total voting rights of the Company which are not held by the controlling shareholder of the Company, as defined in Section 268 of the Companies Law, is: 187,761 ordinary shares having a par value of NIS 1.00 each of the Company (excluding treasury shares and rounding up fractions of shares).

The last date for the submission of position statements is up to ten days prior to the date of the Meeting, and the last date for the submission of the Board of Directors' response to a position statement is up to five days prior to the date of the Meeting.

9.3 **Voting Through the Electronic System**

A non-registered shareholder, as defined in Section 177(1) of the Companies Law, may vote using a voting form that is transmitted to the Company through the Electronic Voting System (as defined below), all in accordance with and subject to the terms and conditions set forth in the Voting Regulations.

After the Record Date, upon receipt of an identification number and an access code from the member of the Stock Exchange, and after a process of identification, a non-registered shareholder may vote through the electronic system, which operates pursuant to Article B of Chapter G2 of the Securities

Law, 5728-1968 (hereinafter and hereinabove: the "**Electronic Voting System**" and the "**Securities Law**," as applicable). The address of the Electronic Voting System, as construed in Section 44K2 of the Securities Law, is: https://votes.isa.gov.il.

In accordance with and subject to the terms and conditions set forth in the Voting Regulations and the instructions of the Israel Securities Authority in this matter, voting through the Electronic Voting System will be possible for up to six (6) hours prior to the time for the convening of the Meeting or at an earlier time as will be determined by the Israel Securities Authority, provided that it will not exceed 12 hours prior to the time for the convening of the Meeting (hereinafter: the "**System Closing Time**"). It should be clarified that a vote cast through the Electronic Voting System may be modified or cancelled up until the System Closing Time, and it may not be modified through the Electronic Voting System after this time.

If a shareholder voted in more than one of the aforesaid ways, his later vote will be counted, and the vote of a shareholder in person at the Meeting or by proxy will be deemed to be later than a vote using a voting form or a vote using the Electronic Voting System.

10. **Request by a Shareholder to Include an Item on the Agenda**

The last date for the submission of a request by a shareholder, pursuant to Section 66(B) of the Companies Law, to include an item on the agenda of the Meeting, is up to seven (7) days after the date of the convening of the Meeting. It should be stated that should a request be submitted pursuant to this section above – there may be changes to the Meeting's agenda, including the addition of an item to the agenda, and it will be possible to examine the up-to-date agenda in the Company's reports on the Distribution Site.

11. **Authority of the Israel Securities Authority**

11.1 In accordance with Regulation 10 of the Controlling Shareholders Regulations, the Israel Securities Authority, or an employee who has been authorized for this purpose, is authorized, within twenty one days from the date of the submission of the Report, to order the Company to provide, within such period of time as it will determine, an explanation, details, information and documents pertaining to the engagement that is the subject of the Report, and also to order the Company to amend the Report in such manner and at such time as it will determine.

11.2 Should an order be issued to amend the Report as stated in Section 11.1 above, the Israel Securities Authority may order the postponement of the date of the Meeting to a date that will occur not prior to the expiration of three business days and not later than thirty five days from the date of the publication of the amendment to the Report.

11.3 The Company will submit an amendment pursuant to such order by publishing it in an immediate report, it will send it to all of the shareholders to whom the Report is sent, and it will also publish a notice that will specify the date of the Meeting, the fact that an amendment was made to the Report upon the order of the Israel Securities Authority, and the main elements of the amendment, and all, unless the Israel Securities Authority ordered otherwise.

11.4 Should an order be issued with respect to the postponement of the date of the convening of the Meeting, the Company will provide notice of the order in an immediate report.

12. **<u>The Company's Representative</u>**

The Company's representative for the purpose of handling this Immediate Report is Adv. Maya Alcheh-Kaplan, Vice President, General Counsel and Company Secretary, whose address is at the Company's offices, at 23 Aranha St., Millennium Tower, Tel Aviv, on Tel: 03-6844517 and Fax: 03-6844587.

13. **<u>Inspection of Documents</u>**

The Company's shareholders may inspect the text of the proposed resolutions, at the Company's offices, at 23 Aranha St., Millennium Tower, Tel Aviv, on Sundays to Thursdays, from 09:00-16:00, by prior arrangement on Tel: 03-6844500.

Sincerely yours,

Israel Corporation Ltd.

The name of the authorized signatory to the Report and the name of the authorized electronic signatory: Maya Alcheh-Kaplan
Position: Vice President, General Counsel & Company Secretary
Date of signature: June 6, 2022.

This is an English convenience translation of the original Hebrew version. In case of any discrepancy, the binding version is the Hebrew original

Appendix A

ISRAEL CORPORATION LTD.

COMPENSATION POLICY

In accordance with the provisions of the Companies Law, 5759 – 1999

Below is the Compensation Policy of Israel Corporation Ltd. (hereinafter: "**Israel Corporation**" or the "**Company**"), which was determined by the Board of Directors of the Company, after considering the recommendations submitted thereto by the Company's Compensation Committee.

1. **The Objectives of the Compensation Policy – General**

1.1. The Company's Compensation Policy is intended to advance the Company's objectives, its work plan and its policy with a long-term perspective, whilst providing a response to the Company's needs and requirements, taking into consideration the size of the Company, the complexity of its business and the ever-changing challenges which it faces, and also taking into consideration the uniqueness of the Company and the nature of its operations as a holding company.

1.2. In the determination of the Compensation Policy for the officers, various considerations were taken into account, *inter alia*, the position of the officers, the current terms and conditions of office at the Company, the managerial inputs required in the management of a company of this sort, the areas of responsibility of the officers and the officers' contribution to the achievement of the Company's objectives and to maximizing the Company's profits and for the benefit of its shareholders, with a long-term perspective.[1]

1.3. The objectives of this Compensation Policy are, *inter alia*, as set forth below:

1.3.1. To retain the officers serving at the Company, who possess the skills and qualifications as required, and who also possess experience and knowledge of the Company, its characteristics and its various investments and the needs and requirements thereof;

1.3.2. To advance the Company's ability to recruit to its ranks, in accordance with its needs, new officers, with the appropriate experience and qualifications;

1.3.3. To create the appropriate incentives for the officers of the Company to act to maximize the Company's value and to advance its objectives in the long-term, taking into consideration, *inter alia*, the Company's risk management policy;

[1] This was done after addressing the objectives of the policy and the considerations as set forth in Part A of the First Addendum A to the Companies Law.

1.3.4. To provide a basis for compensating the officers, by incorporating fixed components and variable components, in such a manner so as to tie a part of the Officers' compensation to the creation of value for the shareholders of the Company;

1.3.5. The grant of terms of office to the directors which will guarantee the freedom of action and independence of the directors, *inter alia*, in accordance with the law and with the standard terms in office at the Company for directors, and also to guarantee appropriate compensation for directors, *inter alia*, taking into consideration the Company's objective to appoint directors with the appropriate qualifications, for the Company's benefit, and while taking into consideration the Company's objective to strengthen the alignment of the directors' interests with all of the shareholders' interest in maximizing the Company's value.

1.4. **Definitions**:

In this Compensation Policy, the following terms shall have the meaning set forth beside them (all as the context and the case may be):

"**Annual Financial Reports**" – the audited and consolidated annual financial reports of the Company;

The "**Law**" or the "**Companies Law**" – the Companies Law, 5759 – 1999;

The "**Related Terms**" – as defined in section 5.2 of this Policy;

The "**Corporate Headquarter Companies**" – the Company and also the HQ companies, which are wholly owned by the Company.

"**Officer/s**" – as this term is defined in the Companies Law[2];

"**Net Profit**" – in reference to a particular calendar year, the profit attributed to the owners of the Company, in the said year, as expressed in the Company's Annual Financial Statements;

"**Salary**" – the regular monthly salary (gross) paid to the Officers, as stated in section 4 of this Compensation Policy;

"**Bonus Year**" – the calendar year in respect of which an Officer is entitled to an annual bonus pursuant to this Compensation Policy;

"**Compensation Regulations**" – Companies Regulations (Rules Regarding Compensation and Expenses for Outside Directors), 5760-2000 (or any provisions of the law which shall replace and/or amend same).

[2] Notwithstanding the foregoing, with regard to the terms of compensation for directors (including outside directors), see section 10 of the Compensation Policy. The reference in the rest of the sections of the Compensation Policy (excluding the general provisions) to the term "officers" is done for reasons of convenience, and it is not intended to include directors, unless stated otherwise.

2. **Structure of the Compensation Package**

The compensation for the Officers of the Company shall include the following components:

2.1 Salary;

2.2 Related terms and conditions;

2.3 Retirement arrangements;

2.4 Periodic and/or special bonuses;

2.5 Capital compensation.

In addition, the Company's policy is that pursuant to the terms of office, the Officers shall be entitled to the Company's indemnity, release (if applicable) and insurance arrangements.

During the period of the Compensation Policy, no more than five VPs will serve in office at the Company.

Together with this Compensation Policy, the updated terms of office and employment of the Company's incumbent CEO, which are consistent with the terms and conditions of this Compensation Policy, are also being brought for approval. In this regard, it should be emphasized that a significant part of the adjustments to this Compensation Policy below is the incorporation in the Compensation Policy of the current terms of office that had been approved for the CEO before this Compensation Policy came into effect.[3]

In addition, it is clarified that the terms and conditions of this Compensation Policy are in such format that takes into account, *inter alia*, the updating of and additions to the terms of compensation to which the CEO of the Company, Mr. Yoav Doppelt, shall be entitled from ICL Group Ltd. (hereinafter: "ICL"), effective from July 2022, in respect of his term in office as the chairman of the Board of Directors of ICL. According to this format, effective from July 2022, ICL shall bear approximately one half[4] of the total annual scope of the terms of compensation to which Mr. Doppelt shall be entitled in respect of his duties as the CEO of the Company and as the chairman of the Board of Directors of ICL (when, prior to the update, the Company bears most of the said overall terms of compensation), in such a manner that no significant change is expected to take place in the total scope of the compensation to which Mr. Doppelt shall be entitled in

[3] For details regarding the CEO's current terms of office immediately prior to the date of the approval of this Compensation Policy, see Article 21 of Part D of the Periodic Report for 2021, which was published on March 24, 2022 (Reference No.: 2022-01-034903) (hereinafter: the "**Periodic Report for 2021**"), which is incorporated herein by reference.

[4] This is assuming that the variable compensation shall be in the amount of the compensation ceilings to which Mr. Doppelt is likely to be entitled.

respect of his duties as the CEO of the Company and as the chairman of the Board of Directors of ICL, and this is together with the termination of the Management Agreement between the Company and ICL (effective from July 2022).[5]

3. **The Ratio between the Components of the Compensation Package**

Given the maximum compensation components as set forth in this Policy, the proportionate part of the variable compensation out of the total compensation is within a range of approximately 50% - 70% (in accordance with the position of the Officer, and the terms of his employment)[6]. It shall be clarified that the actual ratios may vary in accordance with the actual compensation. Thus, for example, in a year in which no bonus is given, or a bonus is given which is lower than the maximum bonus, the ratio between the variable compensation and the total compensation could be lower than that stated above.

As part of the formulation of this Compensation Policy, the Compensation Committee and the Board of Directors gave their opinion regarding the mix of the compensation package and the desired ratio between the fixed compensation components and the variable compensation components and determined that the Company's policy is that the aforesaid ratio is appropriate and serves the objectives of the Compensation Policy.

4. **The Salary of the Company's Officers**

4.1 **Objective**

The Company shall pay the Company's Officers an appropriate salary, so as to allow the Company to recruit and retain, for the long-term, managers with the optimal qualifications and abilities, in accordance with the Company's needs and requirements, characteristics, and the complexity of its business and investments, and for the purpose of advancing its objectives and its policy with a long-term perspective.

4.2 The Salary of the Company's Officers shall be determined and/or updated from time to time with reference to, *inter alia*, the objectives of the Compensation Policy as set forth in section 1 above and the following subjects, insofar as relevant:

4.2.1 The position in which the Officer serves (or is intended to serve, as the case may be)[7];

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5 For further details regarding the changes in accordance with the updating of the terms of office at ICL, including in connection with the termination of the Management Agreement between the Company and ICL, effective from July 1, 2022, see Article 21 of Part D (Further Details) of the Periodic Report for 2021, which is incorporated herein by reference.

6 With regard to this estimated range: the retirement pay component is included in the fixed component.

7 In this Policy document, reference to the officer's positions, to his areas of responsibility, and so on and so forth, relates to his actions, his duties and his responsibility, as the case may be, both at the Company and also at companies held by the Company. Nothing stated in this Compensation Policy shall derogate from the possibility that the Officers (including directors) have to receive compensation for their service as directors of companies held by the Company.

4.2.2 The Officer's areas of responsibility;

4.2.3 Previous salary agreements between the Company and Officers;

4.2.4 The Officer's education, qualifications, expertise and professional experience[8];

4.2.5 The Officer's achievements and his contribution to the Company;

4.2.6 The achievement of the Company's best interests in the retention of the Officer for the long-term;

4.2.7 The ratio between the Officer's salary and the salary of other officers at the Company;

4.2.8 An analysis of the relevant market conditions, taking into consideration the size of the Company, its complexity and the scope of its investments, which may justify higher compensation as compared to other companies, however, in any event, not beyond the maximum salary as set forth in section 4.4 below;

4.3 The Salary shall be linked to the Consumer Price Index, and the index known on the date of determination of the Salary shall serve as the base index.

4.4 The maximum monthly salary (gross) which shall be paid by the Company to the Officers shall not exceed the following amounts (in accordance with the Officer's position), which shall be linked to the index in respect of December 2012[9]:

4.4.1 CEO of the Company: a monthly salary of up to NIS 150,000[10];

4.4.2 VP: a monthly salary of up to NIS 100,000;

It shall be noted that the maximum amounts, as set forth above, are deemed to be the upper salary threshold limit, and therefore, they are not intended to reflect the current salary of any of the Officers[11].

5. Related Terms of Employment for Officers of the Company

5.1 Objective

The related terms of employment for Officers include the social terms and conditions as required pursuant by law, additional related conditions granted to the Officers as part of

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8 In this regard, and for the purpose of the Compensation Committee's assessment regarding a new candidate, details will be presented regarding the Officer's general and/or academic education, and also his resume and/or a summary of his experience as relevant to his position at the Company.

9 It is clarified that for the purposes of this Compensation Policy, the term "monthly salary" includes updates made thereto, if any.

10 This amount is relevant to the outline of the CEO's employment as the CEO of the Company and the chairman of ICL, and it does not include the salary that is paid to the CEO of the Company, as it will be from time to time, in respect of his service as the chairman of the Board of Directors of ICL and payments related thereto or derived therefrom (see also Section 2 above).

11 The above-mentioned amounts have been determined, *inter alia*, taking into consideration the fact that the VPs are additionally entitled to a "13th salary" as part of their terms of office and employment (for the CEO of the Company, the 13th salary forms part of the Related Terms as stated in Section 5.2).

the welfare terms and conditions generally granted to employees of the Company, and also related terms and benefits for the Officers, which are intended to assist the Company in recruiting and retaining managers with the optimal abilities and qualifications, taking into consideration the Company's needs, the nature of its activities and the objectives as set forth in section 1 above.

5.2 The Company's policy is that the related terms and conditions shall include:

5.2.1 Social terms and conditions, including vacation days, sick leave, provisions and deposits to pension funds/ senior employees' insurance plans, a continuing education fund, incapacity to work insurance, and convalescence pay;

5.2.2 Additional related terms and conditions, such as use of a vehicle, the grossing-up of certain tax amounts, a subscription to a newspaper, a medical survey, membership fees of a professional association, telephone charges, Internet charges, holiday gifts etc.;

(hereinafter, collectively: the "**Related Terms**").

5.3 The total of all the Related Terms to which an Officer shall be entitled in respect of a particular year shall not exceed 50% of the annual Salary of the said Officer in that year[12].

5.4 In addition, the Officers shall be entitled to reimbursement of expenses in connection with their office and position, in accordance with the standard procedures at the Company.

6. **Retirement Terms for Officers of the Company**

6.1 **Objective**

6.1.1 In order to retain and recruit Officers with the appropriate qualifications and experience, taking into consideration the size of the Company, and the complexity of its business and its investments for the Company's benefit, the Officers of the Company shall be entitled, in addition to the terms and conditions due to them at the time of retiring from the Company pursuant by law, to retirement terms in respect of the Officers' contribution to the Company during the years of their service.

6.1.2 The Compensation Committee and the Board of Directors of the Company believe that the retirement terms should be determined for the CEO of the Company in accordance with his seniority, his position and his importance to the Company and to the advancement of the Company's objectives.

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[12] With regard to the CEO of the Company and the VPs, see Footnote 12. It is clarified that this rate does not include increased retirement pay and the adjustment period (as stated in section 6 below) and that it has been calculated assuming that the vacation days were taken.

6.2 The Company's policy is that on the date that an Officer leaves the Company, he shall be entitled to the following retirement terms, provided that he was employed as an Officer of the Company for at least 12 months prior to the date of provision of the retirement notice[13]:

6.2.1 **Advance notice**: as part of the terms of office and employment of the Officers, the Officers of the Company shall be entitled to an advance notice period in any event of termination of their office, except in cases where severance pay may be denied pursuant by law. The advance notice period shall be determined in the employment agreement of the said Officer (or in the update thereof, as the case may be), and it shall be mutual, and therefore, it shall also be binding on the Officer, should the Officer leave the Company of his own initiative.

The Company may, in its discretion, request that an Officer continue in his position during the advance notice period or terminate his position prior to the expiration of the advance notice period, provided that in such case, the Salary and the Related Terms due to the Officer shall be paid to him in respect of the advance notice period, up until the expiration of the advance notice period as determined pursuant to the Officer's terms of employment.

The advance notice period shall be as set forth below:

1) For the CEO of the Company: an advance notice period of six months.

2) For the rest of the Officers: the advance notice period shall not exceed six months, paying heed, *inter alia*, to the Officer's position.

During the advance notice period, the Salary shall be paid to the Officer, and the Officer shall also be entitled to the Related Terms, and, in addition, during said period, the vesting period of the Capital Compensation in the Company and the Capital Compensation in Acquired Companies, insofar as granted to the Officer, shall continue to apply, up until the expiration of the advance notice period..

The Officer shall be entitled to the proportionate part of the annual bonus in relation to the Bonus Year during which his office came to an end, including in respect of the advance notice period during which the Officer continued to actually serve in his position, if he so continued, provided that the conditions have been satisfied for receipt of an annual bonus in respect of the said year.

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13 The Company may engage in consulting agreements with its Officers after their retirement, insofar as necessary.

6.2.2 **Adjustment period**: as part of the terms of office and employment of the Officers of the Company, the Officers shall be entitled to an adjustment period (which does not overlap the advance notice period) in any event of the termination of office, except in cases where severance pay may be denied according to law, subject to the conditions set forth below.

The Officer's entitlement to the adjustment period shall apply as against the signing by the Officer of a Non-Competition Undertaking and a Deed of Release and Waiver to the Company and any entity on the Company's behalf in connection with his office, his employment and the termination of his employment at the Company, in such draft as per standard practice at the Company.

The adjustment period shall be as set forth below:

1) For the CEO of the Company: an adjustment period of six months.
2) For the rest of the Officers: such adjustment period as shall be determined (after hearing the CEO) taking into consideration the rest of his terms of office and employment, provided that the adjustment period shall not exceed six months.

The adjustment period shall commence at the expiration of the advance notice period, and during the adjustment period, the Officer shall be entitled to the Salary and also to the Related Terms. It is clarified that the Officer shall not be entitled to the proportionate part of the annual bonus in respect to the adjustment period.

6.2.3 **Retirement pay**: as part of the retirement terms for Officers of the Company, the Company's policy is to grant retirement pay in any case of termination of employment, except in cases where severance pay may be denied pursuant to law, as set forth below:

1) The CEO of the Company shall be entitled to severance pay/ retirement pay at a total rate of two (2) gross monthly salaries (in accordance with the amount of the CEO's most recent monthly salary prior to the retirement date – hereinafter: the "**Last Salary**"), in respect of each year of work[14]. The Board of Directors of the Company, after the approval of the Compensation Committee (and also the approval of the general meeting, insofar as required by law),

14 However, should the CEO's Last Salary be lower than the salary to which the CEO was entitled during his term in office, then for the purpose of the severance pay/retirement pay, the CEO's salary shall be taken into account as it was throughout the period during which it was paid, and his lower salary shall be taken into account solely in respect of the period during which it was paid (and their weighted average in accordance with the relevant periods shall constitute the "Last Salary").

may increase the amount of the said pay by an additional rate of up to an additional 10%, taking into consideration the period in office served by the CEO, his terms of office and employment during this period, the Company's performance during the said period, the CEO's contribution to the achievement of the Company's objectives and the maximization of the Company's profits and the circumstances of his retirement.

2) The rest of the officers of the Company shall be entitled to severance pay/retirement pay at a total rate of one gross monthly salary, in the amount of the Last Salary, in respect of each year of work. The Board of Directors of the Company, after the approval of the Compensation Committee (which shall hear, for this purpose, the CEO's recommendation), may approve the right for additional retirement pay for the Officer at a rate of up to one additional Last Salary for each year of work, taking into consideration the Officer's office and the rest of his office and employment terms.

3) With respect to new Officers only (who are not serving in the Company on the date of approval of this Policy): They shall be entitled to severance/retirement pay at the rate of one gross monthly salary, in the amount of the last salary, for each year of employment. Following the approval of the Compensation Committee, the Company's Board of Directors may approve entitlement to additional severance at the rate of up to one more last salary, only subject to an employment period at the Company of not less than three years (the "**Qualification Period**") and for each year of employment after the Qualification Period.

During the entire period of this Policy, severance/retirement benefits at the total rate of the last two salaries as stated above shall apply only to the five senior Officers.

The severance pay/ retirement pay as stated above include the amounts due to the Officer in respect of the compensation in the pension funds/ provident funds (as calculated by the insurance companies/ provident fund companies, including accrued profits), and the Company shall supplement, for the Officer, those amounts as required to make up the amounts due to him as stated above.

Payment of severance pay/retirement pay at a rate exceeding the rate set forth in the Law shall be made as against the signing by the Officer of a

Non-Competition Undertaking and a Deed of Release and Waiver to the Company and any entity on the Company's behalf in connection with his office, his employment and the termination of his employment at the Company, in such draft as per standard practice at the Company.

6.2.4 Given that the terms of office for the CEO of the Company as determined in this Compensation Policy, together with the CEO's updated terms of office as the chairman of the Board of Directors of ICL, were not intended to derogate from his overall terms of office prior to the date of the approval of this Compensation Policy, if the terms of retirement and termination of employment of the CEO in respect of his service as the chairman of the Board of Directors of ICL, including pursuant to the provisions of ICL's compensation policy, are inferior, as compared with the terms of retirement and termination of employment as set forth in this Section 6 above, then the CEO shall be entitled to the difference, if any, from the Company, in such a manner that the restructuring of the compensation shall not derogate from the terms of retirement and termination of employment to which he was entitled, as aforesaid, in accordance with his terms of office prior to the taking effect of this Compensation Policy, and the Company shall bear this difference as will be approved by the Audit Committee and the Board of Directors of the Company, on the relevant date.

7. **Annual Bonus for the Officers of the Company**

7.1 **Objective**

7.1.1 The Company deems it fit to determine, for the Company's benefit, that a significant component of the compensation for the Officers serving at the Company shall be determined in accordance with the Company's results and with the goals from its strategic plan, paying heed to the Company's objectives as set forth in section 1 of this Compensation Policy and to the Officers' contribution to the achievement of the Company's objectives, as set forth, *inter alia*, in the Company's work plan, all with a long-term perspective, and taking into consideration the position of each one of the Officers and the Company's risk management policy.

7.1.2 The Company's aspiration is to encourage the Officers to obtain excellent achievements for the Company's benefit, whilst tying the bonus to the Company's results, paying heed to the character of the Company and its challenges.

7.2 **Manner of Determining the Annual Bonus**

The amount of the bonus for each Officer shall be determined as set forth below:

7.2.1 For every relevant year, the maximum bonus amount is determined with regard to the Officers' office and seniority, as follows:

For the CEO of the Company – a maximum bonus equal to 12 gross monthly Salaries[15].

For the VP of the Company – a maximum bonus equal to 9 gross monthly Salaries[16].

7.2.2 The annual bonus for the Officers will be based on measurable criteria, which are derived from the Company's actual performance during the relevant calendar year with respect to the targets that were set in the work plan, in advance, with respect to the said year (hereinafter: the "**Target-Based Bonus Component**"), with the exception of an immaterial part of the bonus which will be based on discretion (hereinafter: the "**Discretionary Bonus Component**"). Notwithstanding the foregoing, with respect to Officers who are subordinate to the CEO (VPs), the Compensation Committee and the Board of Directors of the Company may determine that the annual bonus, in whole or a material part thereof, will be based on discretion, as will be determined by them (and it will not be subject to the terms and conditions as stated in section 7.2.4 below), provided that it does not exceed the ceiling as stated in section 7.2.1 above.

7.2.3 With respect to the CEO of the Company: the criteria for the annual bonus for the CEO will be determined by the Audit and Compensation Committee and the Board of Directors in accordance with the provisions below:

1) The Audit and Compensation Committee and the Board of Directors shall determine what the *pro rata* weight is of each target that will be chosen for the purpose of calculating the Target-Based Bonus Component, as stated in Section 7.2.2 above, and the number of targets that will be included. The targets that will be chosen in the framework of the Target-Based Bonus Component shall be measurable targets.

2) The Discretionary Bonus Component shall be up to 3 times the CEO's gross monthly salary[17], and the amount of the compensation

[15] With regard to the annual bonus for 2022, the amount of the monthly salary, as it was commencing from January 1, 2022 and up until June 30, 2022, pursuant to the CEO's current terms of office prior to the updating of his terms of office, shall be taken into account, as well as the amount of the monthly salary to which the CEO will be entitled pursuant to the updated terms of office (which are being brought for approval concurrently with this Compensation Policy), commencing from July 1, 2022 and up until December 31, 2022.

[16] It is clarified that the ceiling of the bonus for a VP of the Company in accordance with this Compensation Policy shall apply effective from January 1, 2022.

in respect of the Discretionary Bonus Component and the Target-Based Bonus Component shall not exceed the ceiling as stated in Section 7.2.1 above. It should be noted that the Discretionary Bonus Component will be determined in accordance with an assessment by the chairman of the Board of Directors of the Company, and subject to the approval of the Audit and Compensation Committee and the Board of Directors of the Company, and the granting thereof shall not be subject to the Minimum Profit (as defined below).

7.2.4 It should be emphasized that a threshold condition for the granting of a bonus in respect of a Target-Based Bonus Component for a certain calendar year is the existence of a positive neutralized(*) Net Profit of no less than 80% of the Net Profit that was determined in the work plan that was approved by the Board of Directors of the Company for that year (hereinafter: the "**Minimum Profit**"); (*)"neutralized Net Profit" – for the purpose of calculating compliance with the Minimum Profit, extraordinary events will be neutralized, in accordance with the events set forth in Section 7.2.8 of the Compensation Policy.[18]

7.2.5 In the framework of the Target-Based Bonus Component, the Compensation Committee and the Board of Directors of the Company will choose between two and six targets, which will be measurable performance targets or measurable financial targets, out of the following targets: meeting the budget or components within it, net profit, net debt, milestones in the making of investments in accordance with the Company's strategy (including at Acquired Companies), the disposal of assets, financial costs, return to shareholders, cash flow, debt raising (including issues/debt refinancing), the making of a strategic transaction (including restructuring) in the Company's holdings in the companies held by it (both present and future), the achievement of targets from the strategic plan that will be determined by the Company, measurable targets of companies held by the Company, savings in

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[17] With respect to the annual bonus for 2022, see footnote 17 above.

[18] It is hereby clarified that the granting of the Discretionary Bonus Component will not be subject to the Minimum Profit; it is further clarified that the text of the threshold condition as set forth in this Section 7.2.4 was approved for the years 2021 and 2022 prior to the date on which this Compensation Policy took effect. For details, see the Report Convening a Meeting dated March 24, 2021 (Reference No.: 2021-01-044040), as approved by the general meeting on April 29, 2021 (Reference No.: 2021-01-073935), which is incorporated herein by reference. It is clarified that, in any event, the threshold condition that was amended in the Report Convening a Meeting dated March 24, 2021, as aforesaid, shall continue to apply with respect to the bonus for 2022 for the CEO and for the other Officers of the Company.

costs and expenses, regulatory targets[19]; and they will also determine the *pro rata* weight for each target, which will be not less than 15% with respect to each target.

7.2.6 The selection of the structure of the Target-Based Bonus Component, the targets and the weighting for the bonus will be determined by the Compensation Committee and the Board of Directors, as set forth above, each year in advance, no later than by the end of March of the said year, and it will be examined in a detailed manner.[20]

7.2.7 When the Compensation Committee and the Board of Directors of the Company come to determine the structure of the Target-Based Bonus Component, it will be decided, for each target, whether it will be measured in accordance with one of the following two alternatives:

(a) The designated target alternative – in accordance with this alternative, a measurable target threshold will be determined with respect to each target that will be derived from the work plan (budget) or directly from a parameter that needs to be modified or achieved (hereinafter: the "**Designated Target Threshold**"). If the Officer complied with the Designated Target Threshold, he will be entitled to the full compensation in respect of the said target; however, if the Officer failed to comply with the Designated Target Threshold, he will not be entitled to any compensation at all in respect of the said target;

(b) The linear alternative – the Compensation Committee and the Board of Directors of the Company will make use of the rules as set forth below:

(i) For each target, a quantitative Designated Target Threshold will be determined, as defined in Section 7.2.7(a) above.

(ii) For each target, a quantitative lower threshold will also be determined, and it will be not less than 80% of the Designated Target Threshold. In the event of failure to comply with the lower threshold, no bonus whatsoever will be paid in respect of the specific target.

(iii) Compliance with the lower threshold will enable the granting of the bonus at a certain percentage of the bonus in respect of the

[19] Naturally, the Company's work plan and its strategic plan contain confidential, private and sensitive information, disclosure of which could harm the Company's best interests.

[20] It is clarified that the targets in connection with the annual bonus for 2022 were set a long while ago, in accordance with the current terms of office of the CEO and of the rest of the Officers.

specific target, and compliance with the Designated Target Threshold (100%) will enable the granting of the full compensation with respect to that target. Compliance at a rate ranging between the lower threshold and the Designated Target Threshold will enable the granting of a bonus that will be calculated in a linear manner (with respect to the difference between the lower threshold and the Designated Target Threshold).

7.2.8 The "exclusion" of exceptional events – exceptional events and/or events that are not related to the current activities of the Company and/or of companies held by the Company, as stated below, will be excluded from the cancellation of the performance for the purpose of the Target-Based Bonus Component, so that they will not affect the eligibility to the annual bonus and the calculation thereof during the Bonus Year in which the said events occurred, provided that their impact was not taken into account in advance for the Bonus Year:

(a) Exclusions that were made in respect of the said fiscal year by ICL Group Ltd., Oil Refineries Ltd. and other companies in which the Company has a material impact in connection with annual bonuses to the general managers at these companies.

(b) Effects of investment accounting on the Company, which were not budgeted for, such as: changes in the accounting treatment as a result of going into consolidation or coming out of consolidation, an increase/decrease of control, any other change in the manner of the accounting treatment of an investment (for example, a transition from equity to assets designated for sale, etc.), disposals, amortizations, revaluations.

(c) The exclusion of the effect of accounting results, which were not budgeted for, in respect of mergers, acquisitions or disposals.

(d) The exclusion of accounting profit or loss, which was not budgeted for, arising from an event that is not backed by the receipt or withdrawal of cash flow, such as: the effect of expenses or income as a consequence of previous claims, deferred taxes.

(e) The exclusion of the effect of financial and capital transactions, which were not budgeted for, such as: derivatives, COLLAR, the replacement and revenue of financial assets, the issue of securities with a discount/premium.

(f) The exclusion of the effect of changes in accounting standardization, which were not budgeted for.

For the purpose of the provisions of this section, the "Company" means the Company and the Company's Corporate Headquarter Companies, as defined in the section of definitions in the Chapter of the Corporation's Business in the Company's Periodic Report for 2021. It should be clarified that notwithstanding the foregoing, the Compensation Committee and the Board of Directors will be entitled to determine that they will not make such an exclusion or that they will make an exclusion of an exceptional event that has not been included above, provided that with respect to the CEO only, the supplement, as a consequence of the non-making of such exclusion or the making of another exclusion, together with the Discretionary Bonus Component, will not exceed the maximum Discretionary Bonus Component as stated in section 7.2.2 above.

7.3 **Power to Reduce the Bonus**

Notwithstanding the foregoing, the Board of Directors may, in its discretion, reduce the amount of the bonus to which an Officer shall actually be entitled, including, and without derogating from the generality of the foregoing, in the event of a significant deviation from the Company's risk management policy.

7.4 **Reimbursement of Amounts Based on the Financial Statements**

Should it transpire that payments were made to an Officer based on data which subsequently transpired to be erroneous and which were restated in the Company's Financial Statements, the Officer shall be required to reimburse the Company for the difference between the amount which he received and the amount which should have been received in accordance with the updated calculation, provided that no more than three years had passed from the date of publishing the financial reports on the basis of which the bonus is given. Without derogating from the said commitment, the Company may offset the amount of the reimbursement due to the Company, as aforesaid, from any amount which it shall be required to pay to the said Officer.

7.5 As stated above, in the event of the termination of employment during a Bonus Year, an Officer will be entitled to a *pro rata* bonus in respect of the period during the said Bonus Year in which the Officer continued to actually serve in his position (including during the advance notice period), subject to the terms of eligibility to an annual bonus in respect of the said Bonus Year, and it will be paid on the date of the payment of the annual bonuses to the Officers who will be serving at the Company at that time. The

Officer will not be entitled to an annual bonus (or to a *pro rata* share thereof) in the event of the termination of his office under circumstances in which severance pay can be denied by law.

8. **Special Bonus**

8.1 The Compensation Committee and the Board of Directors of the Company see the importance in providing incentives to the Officers, to act in order to perform transactions or extraordinary actions, from a strategic point of view, which are intended to promote the Company's business and the best interests of its shareholders, from a long-term perspective.

8.2 In special cases of performance of a transaction (including restructuring, spin-off, sale of holdings/activities or merger) of exceptional significance and complexity for the Company, the Compensation Committee and the Board of Directors of the Company may grant, in addition to the compensation components pursuant to this Compensation Policy, to officers who are VPs, a special bonus of up to three monthly salaries, only once during the period of this Compensation Policy, taking into consideration the VP's contribution to the advancement of the transaction and completion thereof, the special efforts that were devoted by him beyond the usual scope of his position, the transaction's contribution to the creation of value for the Company's investors from a long-term perspective, and the total compensation to which he is entitled after completion of the transaction.

9. Capital Compensation

9.1 **Objective**

Capital compensation is intended to create an alignment between the shareholders' interests and the Officers' compensation, thereby creating appropriate incentives for the Officers to maximize the Company's value over the long-term.

9.2 Accordingly, the Company may adopt a capital compensation plan at the Company, which is based on the granting of units of restricted shares and/or restricted shares (whether or not performance-dependent) and/or option warrants convertible into shares of the Company, or a combination thereof, the allocation and vesting of which will be contingent upon the provisions set forth below (hereinafter: "**Capital Compensation in the Company**" and the "**Capital Compensation Plan,**" as applicable). The granting of the Capital Compensation in the Company to the Officers may be done in the format of an annual grant (i.e., the allocation of capital compensation units each year) or in the format of a periodic grant (such as the granting of capital compensation units once every three/four years).

In the framework of this Compensation Policy, the possibility is formalized of granting Capital Compensation in the Company to the VPs and to the directors (as stated in Section 10 below) only, and all as set forth below.

9.3 In addition, in accordance with the Company's business strategy, as reported by the Company on March 13, 2019 (Reference No. 2019-01-021592), the Company will also aspire to maximize the value for its shareholders, *inter alia*, from new investments. Therefore, in respect of each completion of the Company's engagement in a new investment[21] (hereinafter: the "**Investment Transaction**" and the "**Acquired Company**," respectively), should it be implemented, the Officers may receive, without consideration, capital compensation that will consist of option warrants convertible into shares of the Acquired Company, which shall be allocated by the Acquired Company (hereinafter: the "**Options for Shares in Acquired Companies**") or, in cases in which, in the framework of an Investment Transaction, it is not possible, for any reason whatsoever, for the Acquired Company to grant Options for Shares in the Acquired Company, to the Company's Officers upon the completion of the Investment Transaction, the Officers will be entitled to receive from the Company, upon the completion of the Investment Transaction or shortly thereafter, without consideration, options for the purchase of shares in the Acquired Company from the Company (relative to the number of shares out of those shares in the Acquired Company that will be purchased by the Company) (hereinafter: the "**Designated Shares**" and the "**Options for the Designated Shares**"), in accordance with the principles as set forth in this section below (hereinafter: the "**Capital Compensation in Acquired Companies**").

9.4 The granting of capital compensation to Officers of the Company by virtue of a Capital Compensation Plan and Capital Compensation in Acquired Companies shall be subject to obtaining the approval of the Compensation Committee and the Board of Directors of the Company. The scope of the capital compensation and the specific terms and conditions for the allocation to each one of the Officers, including the mix of the capital compensation that may include Capital Compensation in the Company or a combination of Capital Compensation in the Company and Capital Compensation in Acquired Companies, will be determined in accordance with the provisions of the Compensation Policy, as set forth below, and also in accordance with the position, the actions and the contribution of each one of the Officers to the Company's performance, in accordance with the assessment by the Compensation Committee and the Board of Directors of the Officer's ability to contribute to the achievement of the Company's targets in the long-term, and the Company's aspiration to retain the Officer at the Company for the long-term.

9.5 <u>Principles of the Capital Compensation in the Company</u>

[21] The Compensation Committee and the Board of Directors may approve that receipt of shares by the Company as a consequence of spin-off measures, a merger or a restructuring of the companies held by the Company shall be deemed to be an investment transaction for the purpose of the grant of capital compensation, as stated below.

9.5.1 At the time of the determination of a Capital Compensation Plan at the Company, as stated above, this Plan, as well as the Capital Compensation in the Company and the allocation thereof to the Officers, will be brought for approval by the Compensation Committee and the Board of Directors of the Company. It should be clarified that the Compensation Committee and the Board of Directors of the Company may determine additional provisions in connection with the Capital Compensation Plan for the Officers of the Company, and they may also update, from time to time, the terms, conditions and provisions thereof, provided that the said modification or update will not contradict the provisions that have been set forth in the Compensation Policy.

9.5.2 The maximum fair value[22] of the Capital Compensation in the Company for a VP will not exceed nine times the monthly salary (gross) of the VP for any year (it will be calculated in accordance with the result that is obtained by dividing the fair value of the capital compensation on the date of the grant thereof by the number of vesting years, and in such a manner that is not necessarily in accordance with the accounting entry of the expense) (hereinafter: the "**Fair Value Ceiling at the Company**").

9.5.3 The vesting period of the capital compensation will be at least three years from the date of the allocation, and each year, the *pro rata* share of the amount of the securities that was allocated to the Officer will vest (hereinafter: the "**Vesting Period**").

The Vesting Period is intended to serve as an incentive from a long-term perspective. Nevertheless, the Company may determine provisions in the Capital Compensation Plan with respect to the acceleration of the Vesting Period, such as in the event of the termination of employment, retirement, restructuring, a change of control in the Company or other events, in accordance with the discretion of the Compensation Committee and the Board of Directors.

9.5.4 In the event of the allocation of options, the options may be exercised during the exercise period. Options that have not been exercised will expire at the expiration of the exercise period, as will be determined by the Compensation Committee and the Board of Directors, and it will not exceed seven years from the date of the grant. After the expiration of the options, they will be devoid of any value whatsoever.

9.5.5 In the event of the allocation of options to Officers, the options will be exercisable at a price that will be, at the very least, the average share price of the Company's share during the 30 Stock Exchange trading days that preceded

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[22] The value as of the date of the grant, when the economic value will be determined in accordance with the Black-Scholes model or with the binomial model or with any other generally accepted economic model for the performance of valuations, as will be determined by the Compensation Committee.

the resolution of the Company's Board of Directors on the allocation or the Company's share price on the Stock Exchange at the end of the trading day that preceded the date of the allocation, whichever is the higher of the two, plus a premium of 5% above the said price. In the event of restricted shares, they will be granted without an exercise price.

9.5.6 The Company may determine, in the Capital Compensation Plan, provisions with respect to a cashless exercise mechanism, so that at the time of the exercise of options, the Officer will be entitled to such number of underlying shares that will reflect the benefit component only, as well as provisions with respect to the Company's right to purchase the shares from the Company's employees.

9.5.7 In addition, the terms and conditions of the Capital Compensation in the Company will include adjustments, in keeping with standard practice, to protect the offeree, such as in events of the distribution of a dividend at the Company, the distribution of bonus shares, the issue of rights, a merger, the purchase or sale of assets, a restructuring, the alteration of capital, and so on and so forth.

9.5.8 The Capital Compensation may be granted in accordance with the provisions of Section 102 of the Income Tax Ordinance (New Version) 5721-1961 (hereinafter: the "**Ordinance**"), or any provision that will replace or modify same, and it may be done in accordance with another tax track that is optimal as far as the Officers are concerned, as will be determined from time to time.

9.5.9 On the date of the approval of the Capital Compensation Plan, the Company's shares that may arise from all of the Capital Compensation Plans for all of the Officers who are VPs, which are in effect at the said time, will not constitute more than one percent of the Company's paid-up and issued share capital (after the allocation and on a fully diluted basis).

9.5.10 The Capital Compensation Plan will include terms and conditions with respect to the vesting and/or exercise of the capital compensation by the Officer in the event of the termination of office under different circumstances.

9.5.11 As aforesaid, the principles as set forth above reflect the main terms and conditions of the Capital Compensation in the Company for the Officers of the Company. The rest of the provisions that pertain to the allocation of the Capital Compensation in the Company will be determined in the Capital Compensation Plan, and, *inter alia*, provisions with respect to the rights of the Officers in connection with the units of restricted shares and/or restricted shares and/or options to shares; tax aspects; the manner of exercise, etc. The Compensation Committee and the Board of Directors will be able to determine additional provisions in connection with the Capital Compensation in the Company and they will also be able to update, from time to time, the terms, conditions and provisions thereof, provided that the said modification or update does not deviate from the ceilings for the capital compensation as set forth above.

9.6 Principles of the Capital Compensation in Acquired Companies[23]

9.6.1 **CEO:** In respect of each completion of an Investment Transaction in an Acquired Company, the CEO is entitled to receive, without consideration, Capital Compensation in the Acquired Company, which shall consist of Options for Shares in the Acquired Company or Options for the Designated Shares, as set forth above, without additional approvals being required of the Company's organs, as soon as practicable after the completion of the Investment Transaction, and all in accordance with the principles set forth in this Section 9 of the Compensation Policy.

9.6.1.1 (a) A threshold condition for the granting of the Capital Compensation in Acquired Companies to the CEO is an undertaking by the CEO that an amount equal to 23% of the amount of the last net annual bonus which was actually paid to the CEO (if any), prior to the completion of the Investment Transaction, shall be given by way of the allocation of Options for Shares in the Acquired Company (from the Acquired Company) or Options for Designated Shares from the Company, as the case may be.[24]

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[23] It is clarified that the principles of the Capital Compensation below were prepared based on the principles of the Capital Compensation that were approved for the Officers in the framework of the amendment to the Compensation Policy and the amendment of the terms of office of the Company's CEO, prior to the date on which this Compensation Policy took effect. See reports dated November 21, 2021 (Reference No.: 2021-01-168939) and dated December 27, 2021 (Reference No.: 2021-01-185538), incorporated herein by reference.

[24] Such *pro rata* share shall be granted: (a) in Options for Shares in the Acquired Company (from the Acquired Company); or (b) should it not be possible to receive Options for Shares in the Acquired Company from the Acquired Company – in Options for Designated Shares from the Company, in an Investment Transaction that is performed in the year in respect of which the bonus is being granted, in accordance with the value thereof on the date of the grant. The allocation of the Capital Compensation in Acquired Companies in respect of the aforesaid threshold condition shall be done on the date of completion of the Investment Transaction or thereabouts (together with and in addition to the allocation in respect of the Capital Compensation in Acquired Companies in respect of the said Investment Transaction), in such scope as required for the purpose of the CEO's investment, as stated in this section, in accordance with the amount of the last net annual bonus that was actually paid to the CEO prior to the date of the Investment Transaction, when this amount shall be offset from the next bonus to which the CEO shall be entitled (in the event of the termination of his office, the said amount shall be deducted from the amounts to which the CEO shall be entitled in respect of the termination of his office). The Options for Shares in the Acquired Company and/or the Options for Designated Shares in respect of the *pro rata* share out of the annual bonus shall be subject to the terms and conditions as set forth in this Compensation Policy. It is clarified that if, in any year, no Investment Transaction was made, there will be no offsetting from the annual bonus. It should be noted that due to the reduction in the scope of the annual bonus to be paid by the Company in accordance with the terms of office as brought for approval in the Report Convening a Meeting to which this Compensation Policy is attached, effective from July 2022 (if paid), as compared with the scope of the bonus that was paid in respect of 2021 in accordance with the current terms of office, the threshold condition for the granting of the Capital Compensation in respect of 2022 shall be 23% out of half of the

(b) If, in the calendar year in respect of which the bonus is being given, the Basic Annual Grant (as defined below) for that year was not granted in full, the rate of the amount out of the net annual bonus which the CEO shall invest and which shall be given as Capital Compensation in Acquired Companies, as stated above, shall be reduced in accordance with the rate of the Capital Compensation in Acquired Companies that was actually given out of the Basic Annual Grant (as defined below).

If, in that same year, a certain amount was given on account of this undertaking by the CEO (in Options for Shares in the Acquired Company from the Acquired Company or in Options for Designated Shares from the Company, as the case may be), the said amount shall be subtracted from the CEO's aforesaid undertaking, so that in any event, an amount higher than 23% of the net annual bonus in each year shall not be given by way of Capital Compensation in Acquired Companies, as aforesaid.

9.6.1.2 In addition to the provisions of Section 9.6.1.1 above with regard to the granting of Capital Compensation on account of part of the annual bonus, the value of the annual grant of the Capital Compensation in Acquired Companies to the CEO shall equate to (subject to what is stated in Section 6.5 below) NIS 3 million per calendar year (the value as of the date of the grant, when the economic value will be determined in accordance with the Black-Scholes model or with the binomial model or with any other generally accepted economic model for the performance of valuations, as will be determined by the Compensation Committee) (hereinafter: the "**Basic Annual Grant**").[25] It should be clarified that the CEO shall be entitled to one grant only of Capital Compensation in Acquired Companies, at each Acquired Company, and this is in addition to and without derogating from that stated in Section 9.6.1 above with respect to the grant on account of part of the annual bonus.

9.6.1.3 If, in a certain calendar year, the Company does not make an Investment Transaction or when the value of the Capital Compensation in Acquired Companies which the CEO actually

amount of the last net annual bonus that was actually paid to the CEO in respect of 2021, and the other terms and conditions shall apply, as set forth above.

25 It is clarified that in the event of the granting of Options for Designated Shares, the Audit and Compensation Committee shall determine the number of Options for Designated Shares that are derived from the value of the Capital Compensation in Acquired Companies as of the date of the grant that will be granted to the CEO (in accordance with the economic model that will be determined, as stated in this section above).

received in any calendar year is lower than the Basic Annual Grant for any reason whatsoever, the part that was not granted shall be carried forward to one additional calendar year only (the amount of the Basic Annual Grant in respect of a particular calendar year, including the amounts carried forward from the previous calendar year, and which can be used in that year, shall hereinafter and hereinabove be referred to as: the "**Cumulative Grant for the CEO**"). It should be clarified that in any granting of Capital Compensation in Acquired Companies, the grant shall first be applied in respect of the differences accumulated from the previous year, and thereafter, in respect of that year.

9.6.2 **VPs**: Subject to the making of Investment Transactions, the Options in Acquired Companies will be granted to an Officer in such a manner that the Acquired Company will allocate to the Officer the Options in the Acquired Company (in the framework of the Investment Transaction or as an undertaking to make the allocation on a future date, around the time of the Investment Transaction) or, as the case may be, Options for Designated Shares. The Compensation Committee and the Board of Directors of the Company will approve the scope of the Capital Compensation in the Acquired Companies that will be allocated to the Officers who are VPs out of the Fair Value Ceiling at Acquired Companies (including a Cumulative Grant for the VP, if relevant), as these terms are defined below. It should be clarified that the Officer will be entitled to one grant only of capital compensation in an Acquired Company, at each Acquired Company.

9.6.2.1 The maximum fair value per year of the Capital Compensation in Acquired Companies will not exceed the difference between the Fair Value Ceiling at the Company and the fair value of the Capital Compensation at the Company that was actually granted to the Officer, when this difference is multiplied by 1.33[26] (hereinafter: the "**Fair Value Ceiling at Acquired Companies**"). It is clarified that in accordance with this Policy, Capital Compensation will not be granted to a VP only at the Acquired Companies.

9.6.2.2 If, in a certain calendar year, the Company does not make an Investment Transaction or when the value of the Capital Compensation in Acquired Companies which a VP actually received in any calendar year is lower than the Fair Value Ceiling at Acquired Companies in respect of that year, the part that was not granted to

[26] For example, in the event that Capital Compensation at the Company was granted to an Officer in the value of six salaries per year, then the Fair Value Ceiling at Acquired Companies will equate to four salaries per year.

the relevant VP shall be carried forward to one additional calendar year only (the amount of the Fair Value Ceiling at Acquired Companies in respect of a particular calendar year, including the amounts carried forward from the previous calendar year, and which can be used in that year, shall hereinafter and hereinabove be referred to as: the "**Cumulative Grant for the VP**"). It should be clarified that in any granting of Capital Compensation in Acquired Companies, the grant shall first be applied in respect of the differences accumulated from the previous year, and thereafter, in respect of that year.

9.6.3 If, at the time of the making of an Investment Transaction, an additional Investment Transaction is expected in the very same year, the Compensation Committee will determine the value of the Capital Compensation that will be granted to the Officer in respect of each Investment Transaction out of the Fair Value Ceiling at Acquired Companies or the Cumulative Grant for the VP, as applicable, and with respect to the CEO – out of the Basic Annual Grant or the Cumulative Grant for the CEO, provided that the aggregate amount of the value of the Capital Compensation in Acquired Companies in respect of all of the Investment Transactions in that calendar year shall not exceed the ceilings set forth in this Compensation Policy with respect to the VPs and the CEO (including the Cumulative Grants for the VPs and the CEO).

9.6.4 In the event of the completion of an additional Investment Transaction during the last three months of the year after the entirety of the Fair Value Ceiling at Acquired Companies was allocated for the year, to any Officer, the Compensation Committee and the Board of Directors may approve bringing forward Capital Compensation in respect of the additional investment, out of and on account of part of the Basic Annual Grant for the CEO or of the Fair Value Ceiling at Acquired Companies for the VPs, as the case may be, for the following year for the said Officer, in a scope that will not exceed 33.33% of the Fair Value Ceiling at Acquired Companies for the following year. In the event that Capital Compensation is brought forward, as aforesaid, the period between the allocation date and up until the commencement of the following year will be added to the vesting period for the first tranche of the Capital Compensation in the additional investment.[27]

9.6.5 The Capital Compensation in each Acquired Company which is granted to all of the Officers who are VPs of the Company shall not exceed 3% of the issued capital/the rights of the said Acquired Company (assuming the full exercise of the Capital Compensation in Acquired Companies, and the Capital Compensation with respect to the CEO shall not exceed 7% of the issued

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[27] And this is without derogating from the rest of the terms and conditions for the granting of the Capital Compensation in Acquired Companies.

capital/the rights of the Acquired Company (assuming the full exercise of the Capital Compensation in Acquired Companies, as the case may be).

9.6.6 The Capital Compensation in Acquired Companies shall vest in stages, in three equal and fixed tranches, over a period of three calendar years, commencing from January 1st of each year in respect of which Capital Compensation in Acquired Companies is given to the Officer in respect of the completion of an Investment Transaction, in such a manner that on the 1st of each following January, one third (1/3) of the amount granted in respect of the said year that has passed shall vest.[28]

It is clarified that the foregoing is also valid for a year in which the "Cumulative Grant for the CEO" or the "Cumulative Grant for the VP," as the case may be, has accumulated, together with the "Basic Annual Grant," so that if the relevant Officer is entitled to Capital Compensation in Acquired Companies also in respect of such Cumulative Grant, the vesting period of the Capital Compensation in Acquired Companies that was granted in respect of the Cumulative Grant shall commence on the 1st of January of the year preceding the year in which the Investment Transaction was performed, together with the vesting period of the Capital Compensation in Acquired Companies which was granted in respect of the Basic Annual Grant (to the CEO), or in respect of the Fair Value Ceiling in Acquired Companies (to the VP), as the case may be, which shall commence on the 1st of January of that year in which the Investment Transaction was made.[29]

9.6.7 Any capital compensation in an Acquired Company can be exercised up until the expiration of a period not exceeding seven years from the date of commencement of its vesting period (hereinafter: the "**Exercise Period**").

9.6.8 The exercise price of the Capital Compensation in Acquired Companies shall be the price at which the Company made the preliminary investment (including capital investments and shareholders' loans) in the Acquired Company

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[28] It is clarified that in accordance with the provisions of the Compensation Policy in effect up until the approval of this Compensation Policy, the VPs were granted Options for Designated Shares in connection with the completion of the AKVA transaction, whose vesting terms were linked to the vesting terms of the last Capital Compensation in the Company, which was granted to the Officers as aforesaid (see the Private Placement Report dated December 6, 2020 (Reference No.: 2020-01-124186) (hereinafter: the "**Private Placement Report**") and also the Report on the Changes in Officers' Holdings, dated December 20, 2020 (Reference No.: 2020-01-130264), which are incorporated herein by way of reference). It is clarified that the terms and conditions of this Compensation Policy do not derogate from the terms of allocation and vesting in respect of the Grant that was performed prior to the approval of this Compensation Policy, as aforesaid.

[29] For example: in the event that an Investment Transaction is performed during 2022, in respect of which the CEO will be granted Options for Shares in the Acquired Company or Options for Designated Shares in respect of the Basic Annual Grant and the Cumulative Grant (in view of the fact that in 2021, the CEO was not granted the Basic Annual Grant in its entirety), the vesting period of the options that shall be granted in respect of the Basic Annual Grant will commence on January 1, 2022, and yet the vesting period of the options that shall be granted in respect of the Cumulative Grant will commence on January 1, 2021.

(hereinafter: the "**Company's Investment Price**"). Notwithstanding the foregoing, should the Acquired Company be a public company whose shares are traded on the Stock Exchange, the exercise price will be the Company's Investment Price or the price of the Acquired Company's share according to the closing price on the last trading day that preceded the date of the completion of the Investment Transaction, whichever is the higher of the two.

9.6.9 The mechanism for the exercise of the Capital Compensation in Acquired Companies shall be a cashless option exercise mechanism, unless the Officer opts for exercise for consideration.[30]

9.6.10 The terms and conditions of the Capital Compensation in Acquired Companies will include adjustments, in keeping with standard practice, to protect the offeree, such as in events of the distribution of a dividend at the Company, the distribution of bonus shares, the issue of rights, a merger, the purchase or sale of assets, a restructuring, the alteration of capital, etc., as well as adjustments in respect of payments that will be received by the Company and that were included in the value of the preliminary investment (such as the repayment of shareholders' loans, the payment of capital notes, the redemption of redeemable securities, etc.).

9.6.11 The terms and conditions of the Capital Compensation in Acquired Companies will include the full acceleration of the Vesting Periods in cases that arise from a change of control in the Company or in the Acquired Company, from exit events at the Company or at the Acquired Company, such as an issue, merger (including a reverse triangular merger), a transaction for the sale of all or most of the Company's or the Acquired Company's assets, in the event that the Company sells most of its holdings in the Acquired Company (directly or indirectly), or any other event whose outcome shall be similar, in nature, to the aforesaid events.

9.6.12 In any event of the termination of employment of an Officer, the terms and conditions as set forth below will apply to the Capital Compensation in Acquired Companies which was granted to the relevant Officer:

(a) The day of the termination of the employment will be the day on which the advance notice period came to an end, as stated in Section 6.2.1 of the Compensation Policy (hereinafter: the "**Day of the Termination of Employment**").

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[30] In connection with the Options for Designated Shares – upon the vesting of each tranche of the Options for the Designated Shares, the Officer shall be entitled to exercise them into shares of the Acquired Company, and the Company shall transfer to the officer the number of shares of the Acquired Company in the amount of the value of the benefit component, which is derived from the Options for the Designated Shares on the exercise date.

(b) On the Day of the Termination of Employment, all of the Capital Compensation in Acquired Companies whose Vesting Period has not yet ended will expire, and it will be devoid of all validity.

(c) The Options in Acquired Companies and/or the Options for Designated Shares that were allocated and whose Vesting Period has ended by the Day of the Termination of Employment will be exercisable by the Officer, by the expiration of the exercise period or up until the expiration of 12 months from the day of the termination of employment, whichever is the earlier of the two dates. For the avoidance of doubt, it is hereby clarified that the 12-month period (which commences on the Day of the Termination of Employment) during which time the Officer is entitled to exercise the Options in Acquired Companies and/or the Options for Designated Shares will not form part of the Vesting Period.

9.6.13 It should be clarified that the aforesaid provisions will be subject to the making of taxation decisions, should such decisions need to be made, and to the content of such decisions, and they will also be subject to the provisions of the Capital Compensation Plan, if any, and to the provisions of any other relevant law.

9.6.14 Upon the actual allocation of the Capital Compensation in Acquired Companies, written notice will be given to the Officer with respect to the allocation of the Capital Compensation in the Acquired Company (hereinafter: the "**Allocation Document**"). The Allocation Document will specify, *inter alia*, the terms and conditions of the Capital Compensation in the Acquired Company (for example, the number of options, the exercise price, the vesting period, the expiration date, the tax track that applies to the options, the manner of exercise, transferability, and any other term or condition that is related to the granting of the Capital Compensation in the Acquired Company), provided that the terms and conditions are in accordance with the Company's Compensation Policy and with the applicable law.

9.6.15 Insofar as relevant, the Officer will be given the possibility of choosing the taxation track for the Capital Compensation in the Acquired Company, including options that will be held through a trustee pursuant to the provisions of Section 102 of the Ordinance, insofar as practicable. The Officer will sign any declaration or document as required for the purpose of the allocation, including a declaration that he is aware of the provisions of the tax track that is applicable to him and, insofar as required, also that he agrees to what is stated in the Deed of Trust that will be signed between the Company or the Acquired Company and a trustee in connection with the Capital Compensation in the Acquired Company.

9.6.16 Should there be any tax liability or any other compulsory payment (National Insurance contributions, national health tax, etc.) in respect of and/or following the allocation of the Capital Compensation in the Acquired Companies to an Officer, an exercise into shares, the sale of the underlying shares, the receipt of a dividend or any other benefit in respect of the Capital Compensation in Acquired Companies or the underlying shares, solely the Officer will bear the said charge.

9.6.17 The terms and conditions of the Capital Compensation in Acquired Companies may include provisions pursuant to which at the time of the exercise in a particular Acquired Company, the exercise amount that will be transferred to the Officer following the exercise will take into consideration the amount of the gross aggregate profit that is attributed to the Company from all of the investments in the Acquired Companies at the time of the exercise. Should amounts remain that were not transferred to the Officer due to the foregoing, these will be kept and transferred to the Officer while taking into consideration the increase in the aggregate profit in the coming years.

9.6.18 Additional provisions with respect to the Options for Designated Shares:

9.6.18.1 It is clarified that up until the exercise date of the Options for the Designated Shares, the Company shall hold the rights attached to the Designated Shares, including the voting rights and any right arising from the Investment Transaction or from the documents of incorporation of the Acquired Company.

9.6.18.2 Subject to the applicable exercise period, as stated above, upon the vesting of each tranche of the Options for the Designated Shares, the Officer shall be entitled to exercise them into shares in the Acquired Company, and the Company shall transfer to the Officer such number of shares in the Acquired Company as per the amount of the value of the benefit component that is derived from the Options for the Designated Shares on the exercise date (in accordance with the exercise price and the cashless exercise mechanism, as set forth in Section 9.6.9 above).

9.6.18.3 The Company shall hold Designated Shares in such number as required for the purpose of a grant to the Officers, in respect of each relevant year, as the case may be, in accordance with the terms and conditions set forth in this Compensation Policy, and in accordance with the resolution of the Compensation Committee and the Board of Directors of the Company with respect to the scope of the grant that was made to the Officers. The foregoing shall not derogate from the Company's ability to sell or otherwise transfer its holdings in the shares of the Acquired Company, provided that in such an event, the provisions in connection with the full acceleration of the vesting periods, as set forth in Section 9.6.11 above, shall apply with respect to the shares which are the subject of the Options for the Designated Shares.

9.6.18.4 It is clarified that the value of the Options for the Designated Shares on the date of the grant thereof shall be included for the purpose of calculating the value of the grant to the Officers in accordance with the terms and conditions determined for them in this Compensation Policy, as the case may be.[31]

10. **Compensation of Directors**

10.1 **Objective**

The Company deems it appropriate to guarantee, for the Company's benefit, appropriate terms of office for directors serving in office at the Company, which are intended to grant the directors security and freedom to act for the Company's benefit in an independent manner. The terms of office shall be in accordance with the law, the Company's Articles and the resolutions of the Company's general meetings, taking into consideration the risks entailed in the Company's activities and the personal responsibility imposed pursuant to law on the actions of the directors. The terms of office of the directors are also intended to give the directors reasonable, appropriate and suitable compensation in respect of the requirements of their position and the time entailed in the performance of their duties, taking into account the complexity of the issues dealt with by the Board of Directors of the Company, which require time, business and financial understanding, qualifications, skill and expertise, taking into consideration the nature of the Company, the scope of its activities and the complexity of its business.

10.2 **The Compensation for the Directors**

10.2.1 The directors of the Company shall be entitled to annual Compensation and to Compensation for participation, in the maximum amount to which directors of a company with the Company's status are entitled, in accordance with the Compensation Regulations, including taking into consideration the director's classification as an expert director who is

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31 The Audit and Compensation Committee shall determine the number of the Options for the Designated Shares that are derived from the value of the Capital Compensation in Acquired Companies on the date of the grant which shall be granted to the Officers (in accordance with the economic model which shall be determined, as stated in Footnote 31 above).

entitled to an expertise supplement, and also to any other supplement which shall be due to directors in accordance with the said Regulations or any other law which shall replace and/or amend same from time to time[32].

10.2.2 Furthermore, in addition to the compensation as stated in section 10.2.1 above, and with the objective of strengthening the connection between the directors' compensation and the interests of the Company's shareholders, the Company may, subject to the approvals as required pursuant to law, grant to the directors (including outside directors in accordance with the Remuneration Regulations) Capital Compensation in the Company only, in accordance with the provisions of the Remuneration Regulations and with the Capital Compensation Plan that will be determined by the Company, and in accordance with what is set forth below:

(a) The annual fair value of the capital compensation for directors will not exceed NIS 100,000 per year or 50% of the maximum amount in accordance with the Remuneration Regulations, whichever is the lower of the two said amounts.

(b) It will be possible to allocate Capital Compensation in the Company to the directors each year, for a period of three years, which will vest, in full, at the expiration of one year from the allocation date, and it will be exercisable during a period of one year from the aforesaid vesting date, or, in the alternative, it will be possible to make the allocation in the format of a periodic grant for three years, when the *pro rata* share of the grant will vest each year, and each tranche that has vested will be exercisable during a period of one year from the vesting date. A director who has completed his term in office will be entitled to the vesting of a *pro rata* share of the capital compensation as of the date of the

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[32] The foregoing shall not derogate from a director's right to assign the compensation to which he is entitled, in whole or in part, to a third party (subject to the approvals as required pursuant to law, if any), provided that the Company shall not be required to make any duplicate payments.

termination of his office (without full acceleration of the entire allocated quantity).[33]

(c) In the event of allocation of options to the directors, the options will be exercisable at a price that will be not less than the average share price of the Company's share during the 30 Stock Exchange trading days that preceded the resolution of the Company's Board of Directors on the allocation or the Company's share price on the Stock Exchange at the end of the trading day that preceded the date of the allocation, whichever is the higher of the two.

10.2.3 In addition, all the directors (as well as the other officers) shall be entitled to such terms of office as permitted pursuant to law and the Company's Articles, and also to such terms of office as per standard practice at the Company by virtue of the resolutions of the Company's competent organs[34], including the arrangements of letters of indemnity for the Officers of the Company and insurance coverage, as have been and shall be approved according to law.

10.2.4 The directors shall also be entitled to the reimbursement of expenses in connection with the performance of their duties in accordance with the procedure approved by the Board of Directors and in accordance with the Company's Articles.

10.2.5 It shall be clarified that the terms of office of the outside directors shall not exceed that set forth in the law.

11. **<u>Other Issues and Aspects</u>**

11.1 The Company's policy is that the Company's Officers (including Officers who are not directors) shall be entitled to such indemnity and insurance arrangements as

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[33] It is clarified that the expiration of a director's term in office and the renewal of the term in office for an additional term shall not be deemed to be the termination of office for the purpose of this section.

[34] Including the resolutions of the Company dated 21.3.2001, 18.9.2003, 10.9.2007, 8.11.2011, 9.8.2012, 14.7.2015, 8.10.2015, 27.12.2017, 6.1.2019, 19.2.2019, 27.6.2019, 30.10.2019, 30.1.2020, 14.5.2020, 10.3.2021, 18.4.2021, 29.4.2021, 27.12.2021, 15.3.2022 and 14.4.2022 regarding indemnity, release and insurance arrangements (Immediate Reports dated 14.3.2001, 22.3.2001, 2.9.2003, 21.9.2003, 2.8.2007, 11.9.2007, 2.11.2011, 8.11.2011, 4.7.2012, 9.8.2012, 4.7.2012, 9.8.2012, 28.5.2015, 14.7.2015, 31.8.2015, 8.10.2015, 10.12.2017, 27.12.2017, 13.9.2018, 4.10.2018, 30.1.2019, 19.2.2019, 16.6.2019, 27.6.2019, 12.9.2019, 30.10.2019, 24.12.2019, 30.1.2020, 26.3.2020, 14.5.2020, 10.3.2021, 24.3.2021, 18.4.2021, 29.4.2021, 21.11.2021, 27.12.2021, 15.3.2022, 27.3.2022 and 14.4.2022). For details regarding the terms of office for directors of the Company as of the date of this Compensation Policy, see also Articles 22 and 29 of Part D (Further Details) of the Periodic Report for 2021, which is incorporated herein by reference.

permitted pursuant to law, the Company's Articles and the resolutions of the competent organs, including the arrangements of letters of indemnity for the Officers of the Company and insurance coverage, as have been and shall be approved at the Company's general meetings[35], in order to guarantee the freedom of action and independence of the Officers, taking into consideration the scope of activities of the Company and the responsibility of the Officers pursuant to law. The said arrangements shall apply in connection with the Officer's office at the Company and/or at the companies held by the Company. In the framework of part of the existing letters of indemnity for incumbent Officers of the Company, an instruction is included according to which the Company releases in advance an officer from his liability for damage caused and/or to be caused in the future by him to the Company as a result of a violation of his duty of care towards the Company. In the framework of the Company's Compensation Policy, the Officers, as aforesaid (including directors), shall continue to be entitled to a letter of indemnity that includes such release provisions, if given to them; however, incumbent Officers who were not given a letter of indemnity that contains a release provision and/or new Officers who do not hold a position in the Company as of the date of approving this policy shall be entitled to a letter of indemnity from the Company without the above-mentioned instruction concerning release in advance from liability.

11.2 Officers' insurance

11.2.1 The Compensation Committee may, from time to time, approve the Company's engagements for the purchase of insurance policies for the Officers and directors (including the renewal or extension of existing policies or policies purchased in the future) of any kind with any insurer/s in Israel or abroad, for all the directors and Officers who serve and will serve from time to time in the Company and / or its investee companies, including directors in the engagement in respect of which the controlling shareholder may be considered as having a personal interest, as they may be from time to time, provided that the engagement is at market conditions, will not materially effect the Company's profitability, assets or liabilities, and consistent with the principles of the framework set out in the Compensation Policy.

[35] As stated in footnote 40, *supra*.

11.2.2 Without derogating from the foregoing, insurance policies that will be purchased as aforesaid may include, *inter alia*, joint policies for the Company and for ICL Group Ltd. ("**ICL**") (including policies that contain a joint layer for ICL and for the Company, and a separate layer).

Should such policies be purchased, the Company's share in the liability for payment of the insurance premium between ICL and the Company in the joint layer shall be based on the insurers' assessment at that time.

11.2.3 The terms of all the insurance policies for the Officers of the Company (including the additional policies that will be purchased, if purchased and / or renewed, as stated in this Policy) shall be as follows, and approved by the Compensation Committee:

(1) The cost of the annual insurance premium to be paid by the Company in respect of all insurance policies as well as the amount of the deductible for the Company will be in accordance with the market conditions as of the date of the issuance of the policy. It is clarified that pursuant to the insurance policy, there is no deductible for the officers;

(2) The limits of liability for all cumulative insurance policies in effect will not exceed US $ 200 million per event and per period, plus reasonable legal defense costs beyond the limits of the liability;

11.2.4 In addition and without derogating from the foregoing, the Company will be entitled to engage, from time to time and for any reason whatsoever, in run-off insurance policies with respect to the liability of directors and officers. The limits of liability in the run-off insurance policies, as will be issued from time to time, will not exceed US $200 million per occurrence and per period, plus reasonable legal defense expenses beyond the limits of liability. The cost of the insurance premium that will be paid by the Company in respect of all of the run-off insurance policies and also the amount of the deductible will be in accordance with the market conditions on the date of the issuance of insurance policy.

It should be noted that a deviation of up to 25% of the limits of liability of the said insurance – will not be deemed to be a deviation from the Compensation Policy.

11.2.5 To remove any doubt, it is hereby clarified that nothing in this Policy shall prejudice the validity of existing insurance arrangements and / or approvals obtained by law for engagements in the insurance of Officers prior to the determination of this Policy.

11.3 In the course of formulation of this Compensation Policy, the Compensation Committee and the Board of Directors of the Company examined the ratio between the terms of office and employment of each one of the Officers serving in office at the Company, and the salary of the Company's other employees, including the ratio to the average salary and to the median salary of such employees[36], and they also examined the said ratio based on the cost of the salary of the Officers as compared with the Company's other employees. Paying heed to the small number of employees at the Company, most of whom are corporate headquarter employees, and paying heed to the nature of the Company as a holding and investment company, the Compensation Committee and the Board of Directors of the Company believe that the said ratios, which they found to be reasonable *per se*[37], are not relevant to the employment relations at the company, and most certainly, they do not have any adverse effect on the employment relations at the Company.

12. **General**

12.1 The Company's engagement in employment agreements with the Officers and/or any grant of compensation to the Officers may be made through the Company directly or through a wholly-owned subsidiary of the Company and with regard to Capital Compensation in an Acquired Company, it may be given through receipt of the Capital Compensation in the Acquired Company directly from the Acquired Company, or from the Company itself.

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36 Without derogating from the foregoing, it shall be noted that the Compensation Committee and the Board of Directors gave consideration to the fact that a comparison to all the terms of office and employment of the Company's other employees is expected to narrow the ratio, and *a fortiori*, it will not have any adverse effect on the employment relations at the Company.

37 For details regarding the ratio between the cost of employment of the Company's incumbent CEO (who assumed office on July 1, 2019) as of the date of the approval of this Policy and the average and median cost of employment of the Company's other employees in accordance with the salary data at the Company for 2021, see Footnote No. 29 of the Company's Immediate Report of the Convening of a General Meeting dated June 6, 2022, to which this Compensation Policy is attached as an appendix.

12.2 The engagement with an Officer in connection with his terms of employment and office may be done with a company wholly controlled by the Officer (*mutatis mutandis*, with the objective of maintaining the equivalent amount of compensation), provided that the engagement will include terms and conditions, to the satisfaction of the Compensation Committee and the Board of Directors of the Company, pursuant to which the undertakings and the services to be provided to the Company shall be performed personally by the Officer.

12.3 The Company's engagement with the Officers may be done for a specified period of time or for an unspecified period of time.

12.4 The Compensation Committee and the Board of Directors of the Company shall examine from time to time the need to update the Compensation Policy in accordance with the circumstances of the matter and subject to the law.

12.5 Subject to the provisions of any law, the Compensation Policy shall not derogate from existing agreements, and it shall not derogate from the terms of office and employment or compensation which had been approved prior to the determination of the Compensation Policy.

12.6 The Compensation Policy contains general principles for the compensation of Officers of the Company as of the date of approval of the Policy, whilst the actual compensation and the terms entailed in the application of the said principles shall be determined by the Compensation Committee and/or the Board of Directors of the Company, in accordance with the purpose thereof and the Company's best interests. The actual compensation, in accordance with the foregoing, shall be submitted for obtaining the requisite approvals.

12.7 Wherever the Compensation Policy determines that the Compensation Committee or the Board of Directors has the authority to approve a particular action, the authority shall be conferred on the Compensation Committee or the Board of Directors (as the case may be) to do so in their discretion, without requiring additional approval (subject to the provisions of mandatory law).

12.8 The amounts paid to the Officers shall be gross, and subject to deduction as required by law.

12.9 It is clarified that the Officers may, in their discretion, waive any compensation component to which they will be entitled, on a one-time basis or for a period, without derogating from their eligibility to the rest of the terms and conditions of office and employment (and without derogating from the Officer's eligibility to receipt of the compensation that he waived).

12.10 Wherever this Policy includes ranges and/or ceilings for compensation and/or various terms of compensation, this does not obligate the Company to provide the compensation in the maximum scope or in such scope which includes the full compensation components specified in this Policy, and the Officer shall have no vested right in connection with the said compensation. It is also clarified that should any Officer be granted compensation which is lower than the compensation described in this Policy (including the determination of restrictions and obligations in connection with the terms of office and employment), this shall not constitute a deviation from the provisions of this Policy. In addition, any modification of the terms of office whose effect on the total annual cost of the relevant officer is not greater than 10% will not constitute a deviation from the provisions of this Compensation Policy (including in the event of a deviation from the ceilings of the components that have been determined in the Compensation Policy).

12.11 In accordance with the provisions of Section 272(d) of the Companies Law, and subject to any law, the Compensation Committee will be entitled to approve changes that are not material in the terms of employment of Officers, in accordance with the provisions of the Compensation Policy. In accordance with the provisions of Regulation 1B3 of the Companies Regulations (Easements in Transactions with Interested Parties) 5760-2000, an immaterial change in the terms of office and employment of an Officer subject to the CEO of the Company shall not require the approval of the Compensation Committee if approved by the CEO of the Company, provided that such terms of office and employment are consistent with the Compensation Policy.

12.12 Wherever the provisions of the law, as will be in effect from time to time, allow the granting of concessions pertaining to the manner of compensation of Officers and/or pertaining to the manner of the proceedings for the approval of compensation for Officers, subject to the approval of the Compensation Committee and the Board of Directors of the Company, these provisions will apply to the Company and they will form part of this Compensation Policy.

12.13 This Compensation Policy has been drafted in the male gender solely for reasons of convenience, and it refers to males and females alike.

Appendix A

ISRAEL CORPORATION LTD.

COMPENSATION POLICY

In accordance with the provisions of the Companies Law, 5759 – 1999

Below is the Compensation Policy of Israel Corporation Ltd. (hereinafter: "**Israel Corporation**" or the "**Company**"), which was determined by the Board of Directors of the Company, after considering the recommendations submitted thereto by the Company's Compensation Committee.

1. **The Objectives of the Compensation Policy – General**

1.1. The Company's Compensation Policy is intended to advance the Company's objectives, its work plan and its policy with a long-term perspective, whilst providing a response to the Company's needs and requirements, taking into consideration the size of the Company, the complexity of its business and the ever-changing challenges which it faces, and also taking into consideration the uniqueness of the Company and the nature of its operations as a holding company.

1.2. In the determination of the Compensation Policy for the officers, various considerations were taken into account, *inter alia*, the position of the officers, the current terms and conditions of office at the Company, the managerial inputs required in the management of a company of this sort, the areas of responsibility of the officers and the officers' contribution to the achievement of the Company's objectives and to maximizing the Company's profits and for the benefit of its shareholders, with a long-term perspective.[1]

1.3. The objectives of this Compensation Policy are, *inter alia*, as set forth below:

1.3.1. To retain the officers serving at the Company, who possess the skills and qualifications as required, and who also possess experience and knowledge of the Company, its characteristics and its various investments and the needs and requirements thereof;

1.3.2. To advance the Company's ability to recruit to its ranks, in accordance with its needs, new officers, with the appropriate experience and qualifications;

1.3.3. To create the appropriate incentives for the officers of the Company to act to maximize the Company's value and to advance its objectives in the long-term, taking into consideration, *inter alia*, the Company's risk management policy;

[1] This was done after addressing the objectives of the policy and the considerations as set forth in Part A of the First Addendum A to the Companies Law.

1.3.4. To provide a basis for compensating the officers, by incorporating fixed components and variable components, in such a manner so as to tie a part of the Officers' compensation to the creation of value for the shareholders of the Company;

1.3.5. The grant of terms of office to the directors which will guarantee the freedom of action and independence of the directors, *inter alia*, in accordance with the law and with the standard terms in office at the Company for directors, and also to guarantee appropriate compensation for directors, *inter alia*, taking into consideration the Company's objective to appoint directors with the appropriate qualifications, for the Company's benefit, and while taking into consideration the Company's objective to strengthen the alignment of the directors' interests with all of the shareholders' interest in maximizing the Company's value.

1.4. **Definitions**:

In this Compensation Policy, the following terms shall have the meaning set forth beside them (all as the context and the case may be):

"**Annual Financial Reports**" – the audited and consolidated annual financial reports of the Company;

The "**Law**" or the "**Companies Law**" – the Companies Law, 5759 – 1999;

The "**Related Terms**" – as defined in section 5.2 of this Policy;

The "**Corporate Headquarter Companies**" – the Company and also the HQ companies, which are wholly owned by the Company.

"**Officer/s**" – as this term is defined in the Companies Law[2];

"**Net Profit**" – in reference to a particular calendar year, the profit attributed to the owners of the Company, in the said year, as expressed in the Company's Annual Financial Statements;

"**Salary**" – the regular monthly salary (gross) paid to the Officers, as stated in section 4 of this Compensation Policy;

"**Bonus Year**" – the calendar year in respect of which an Officer is entitled to an annual bonus pursuant to this Compensation Policy;

"**Compensation Regulations**" – Companies Regulations (Rules Regarding Compensation and Expenses for Outside Directors), 5760-2000 (or any provisions of the law which shall replace and/or amend same).

[~~1~~2] Notwithstanding the foregoing, with regard to the terms of compensation for directors (including outside directors), see section 10 of the Compensation Policy. The reference in the rest of the sections of the Compensation Policy (excluding the general provisions) to the term "officers" is done for reasons of convenience, and it ~~does~~ is not intended to include directors, unless stated otherwise.

2. **Structure of the Compensation Package**

The compensation for the Officers of the Company shall include the following components:

2.1 Salary;

2.2 Related terms and conditions;

2.3 Retirement arrangements;

2.4 Periodic and/or special bonuses;

2.5 Capital compensation.

In addition, the Company's policy is that pursuant to the terms of office, the Officers shall be entitled to the Company's indemnity, release (if applicable) and insurance arrangements.

During the period of the Compensation Policy, no more than five VPs will serve in office at the Company.

~~It should be emphasized that~~ Together with this Compensation Policy, the updated terms ~~and conditions~~ of office and employment of the Company's incumbent CEO~~, as of the date of the determination of this Compensation Policy, were approved by the General Meeting~~, which are consistent with the terms and conditions of this Compensation Policy, are also being brought for approval ~~of the Company's shareholders that was held on June 27, 2019,~~[3] ~~and this Compensation Policy does not derogate from the terms and conditions of office that were approved by the aforesaid General Meeting~~. In this regard, it should be emphasized that a significant part of the adjustments to this Compensation Policy below is the incorporation in the Compensation Policy of the current terms of office that had been approved for the CEO before this Compensation Policy came into effect.[4]

In addition, it is clarified that the terms and conditions of this Compensation Policy are in such format that takes into account, *inter alia*, the updating of and additions to the terms of compensation to which the CEO of the Company, Mr. Yoav Doppelt, shall be entitled from ICL Group Ltd. (hereinafter: "ICL"), effective from July 2022, in respect of his term in office as the chairman of the Board of Directors of ICL. According to this

[3] As stated in the Report Convening a Meeting of the Company dated June 16, 2019 (Reference No. 2019-01-059392), which is presented by way of incorporation by reference.

[4] For details regarding the CEO's current terms of office immediately prior to the date of the approval of this Compensation Policy, see Article 21 of Part D of the Periodic Report for 2021, which was published on March 24, 2022 (Reference No.: 2022-01-034903) (hereinafter: the "**Periodic Report for 2021**"), which is incorporated herein by reference.

format, effective from July 2022, ICL shall bear approximately one half[5] of the total annual scope of the terms of compensation to which Mr. Doppelt shall be entitled in respect of his duties as the CEO of the Company and as the chairman of the Board of Directors of ICL (when, prior to the update, the Company bears most of the said overall terms of compensation), in such a manner that no significant change is expected to take place in the total scope of the compensation to which Mr. Doppelt shall be entitled in respect of his duties as the CEO of the Company and as the chairman of the Board of Directors of ICL, and this is together with the termination of the Management Agreement between the Company and ICL (effective from July 2022).[6]

~~It should be noted that there has been no change to the terms and conditions of the Company's incumbent CEO, and with respect to the provisions regarding the Capital Compensation in Acquired Companies, see section 9.7.3 below.~~

3. **The Ratio between the Components of the Compensation Package**

Given the maximum compensation components as set forth in this Policy, the proportionate part of the variable compensation out of the total compensation is within a range of approximately ~~30~~50% - ~~55~~70% (in accordance with the position of the Officer, and the terms of his employment)[7]. It shall be clarified that the actual ratios may vary in accordance with the actual compensation. Thus, for example, in a year in which no bonus is given, or a bonus is given which is lower than the maximum bonus, the ratio between the variable compensation and the total compensation ~~is expected to~~ could be lower than that stated above.

As part of the formulation of this Compensation Policy, the Compensation Committee and the Board of Directors gave their opinion regarding the mix of the compensation package and the desired ratio between the fixed compensation components and the variable compensation components and determined that the Company's policy is that the aforesaid ratio is appropriate and serves the objectives of the Compensation Policy.

4. **The Salary of the Company's Officers**

4.1 **Objective**

The Company shall pay the Company's Officers an appropriate salary, so as to allow the Company to recruit and retain, for the long-term, managers with the optimal

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[5] This is assuming that the variable compensation shall be in the amount of the compensation ceilings to which Mr. Doppelt is likely to be entitled.

[6] For further details regarding the changes in accordance with the updating of the terms of office at ICL, including in connection with the termination of the Management Agreement between the Company and ICL, effective from July 1, 2022, see Article 21 of Part D (Further Details) of the Periodic Report for 2021, which is incorporated herein by reference.

[7] With regard to this estimated range: the retirement pay component is included in the fixed component.

qualifications and abilities, in accordance with the Company's needs and requirements, characteristics, and the complexity of its business and investments, and for the purpose of advancing its objectives and its policy with a long-term perspective.

4.2 The Salary of the Company's Officers shall be determined and/or updated from time to time with reference to, *inter alia*, the objectives of the Compensation Policy as set forth in section 1 above and the following subjects, insofar as relevant:

4.2.1 The position in which the Officer serves (or is intended to serve, as the case may be)[8];

4.2.2 The Officer's areas of responsibility;

4.2.3 Previous salary agreements between the Company and Officers;

4.2.4 The Officer's education, qualifications, expertise and professional experience[9];

4.2.5 The Officer's achievements and his contribution to the Company;

4.2.6 The achievement of the Company's best interests in the retention of the Officer for the long-term;

4.2.7 The ratio between the Officer's salary and the salary of other officers at the Company;

4.2.8 An analysis of the relevant market conditions, taking into consideration the size of the Company, its complexity and the scope of its investments, which may justify higher compensation as compared to other companies, however, in any event, not beyond the maximum salary as set forth in section 4.4 below;

4.3 The Salary shall be linked to the Consumer Price Index, and the index known on the date of determination of the Salary shall serve as the base index.

4.4 The maximum monthly salary (gross) which shall be paid by the Company to ~~of the Officers~~ the Officers shall not exceed the following amounts (in accordance with the Officer's position), which shall be linked to the index in respect of December 2012[10]:

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8 In this Policy document, reference to the officer's positions, to his areas of responsibility, and so on and so forth, relates to his actions, his duties and his responsibility, as the case may be, both at the Company and also at companies held by the Company.~~-~~ Nothing stated in this Compensation Policy shall derogate from the possibility that the Officers (including directors) have to receive compensation for their service as directors of companies held by the Company. ~~The point of departure in the determination of this Compensation policy is that the Officers of the Company (with the exception of the Company's CEO as of the date of the determination of this Policy) will not receive compensation from companies held by the Company in respect of their serving in office thereat, with the exception of Capital Compensation in Acquired Companies, as set forth in section 9.7 below, insofar as granted.~~

9 In this regard, and for the purpose of the Compensation Committee's assessment regarding a new candidate, details will be presented regarding the Officer's general and/or academic education, and also his resume and/or a summary of his experience as relevant to his position at the Company.

10 It is clarified that for the purposes of this Compensation Policy, the term "monthly salary" includes updates made thereto, if any.

4.4.1 CEO of the Company: a monthly salary of up to NIS ~~135~~150,000[11];

4.4.2 VP: a monthly salary of up to NIS ~~90~~100,000;

It shall be noted that the maximum amounts, as set forth above, are deemed to be the upper salary threshold limit, and therefore, they are not intended to reflect the current salary of any of the Officers[12].

5. **Related Terms of Employment for Officers of the Company**

5.1 **Objective**

The related terms of employment for Officers include the social terms and conditions as required pursuant by law, additional related conditions granted to the Officers as part of the welfare terms and conditions generally granted to employees of the Company, and also related terms and benefits for the Officers, which are intended to assist the Company in recruiting and retaining managers with the optimal abilities and qualifications, taking into consideration the Company's needs, the nature of its activities and the objectives as set forth in section 1 above.

5.2 The Company's policy is that the related terms and conditions shall include:

5.2.1 Social terms and conditions, including vacation days, sick leave, provisions and deposits to pension funds/ senior employees' insurance plans, a continuing education fund, incapacity to work insurance, and convalescence pay;

5.2.2 Additional related terms and conditions, such as use of a vehicle, the grossing-up of certain tax amounts, a subscription to a newspaper, a medical survey, membership fees of a professional association, telephone charges, Internet charges, holiday gifts etc.;

(hereinafter, collectively: the "**Related Terms**").

5.3 The total of all the Related Terms to which an Officer shall be entitled in respect of a particular year shall not exceed 50% of the annual Salary of the said Officer in that year[13].

5.4 In addition, the Officers shall be entitled to reimbursement of expenses in connection with their office and position, in accordance with the standard procedures at the Company ~~which have been approved by the Board of Directors of the Company~~.

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11 This amount is relevant to the outline of the CEO's employment as the CEO of the Company and the chairman of ICL, and it does not include the salary that is paid to the CEO of the Company, as it will be from time to time, in respect of his service as the chairman of the Board of Directors of ICL and payments related thereto or derived therefrom (see also Section 2 above).

12 The above-mentioned amounts have been determined, *inter alia*, taking into consideration the fact that ~~Officers~~ the VPs are additionally entitled to a "13th salary" as part of their terms of office and employment (for the CEO of the Company, the 13th salary forms part of the Related Terms as stated in Section 5.2).

13 With regard to the CEO of the Company and the VPs, see Footnote 12. It is clarified that this rate does not include increased retirement pay and the adjustment period (as stated in section 6 below) and that it has been calculated assuming that the vacation days were taken.

6. **Retirement Terms for Officers of the Company**

6.1 **Objective**

6.1.1 In order to retain and recruit Officers with the appropriate qualifications and experience, taking into consideration the size of the Company, and the complexity of its business and its investments for the Company's benefit, the Officers of the Company shall be entitled, in addition to the terms and conditions due to them at the time of retiring from the Company pursuant by law, to retirement terms in respect of the Officers' contribution to the Company during the years of their service.

6.1.2 The Compensation Committee and the Board of Directors of the Company believe that the retirement terms should be determined for the CEO of the Company in accordance with his seniority, his position and his importance to the Company and to the advancement of the Company's objectives[14].

6.2 The Company's policy is that on the date that an Officer leaves the Company, he shall be entitled to the following retirement terms, provided that he was employed as an Officer of the Company for at least 12 months prior to the date of provision of the retirement notice[15]:

6.2.1 **Advance notice**: as part of the terms of office and employment of the Officers, the Officers of the Company shall be entitled to an advance notice period in any event of termination of their office, except in cases where severance pay may be denied pursuant by law. The advance notice period shall be determined in the employment agreement of the said Officer (or in the update thereof, as the case may be), and it shall be mutual, and therefore, it shall also be binding on the Officer, should the Officer leave the Company of his own initiative.

The Company may, in its discretion, request that an Officer continue in his position during the advance notice period or terminate his position prior to the expiration of the advance notice period, provided that in such case, the Salary and the Related Terms due to the Officer shall be paid to him in respect of the advance notice period, up until the expiration of the advance notice period as determined pursuant to the Officer's terms of employment.

The advance notice period shall be as set forth below:

[14] This is after consideration has been given to the objectives of the Compensation Policy and to the considerations enumerated in Part A of the First Schedule A of the Law.

[15] The Company may engage in consulting agreements with its Officers after their retirement, insofar as necessary.

1) For the CEO of the Company: an advance notice period of six months.

2) For the rest of the Officers: the advance notice period shall not exceed six months, paying heed, *inter alia*, to the Officer's position.

During the advance notice period, the Salary shall be paid to the Officer, and the Officer shall also be entitled to the Related Terms, and, in addition, during said period, the vesting period of the Capital Compensation in the Company and the Capital Compensation in Acquired Companies, insofar as granted to the Officer, shall continue to apply, up until the expiration of the advance notice period..

The Officer shall be entitled to the proportionate part of the annual bonus in relation to the Bonus Year during which his office came to an end, including in respect of the advance notice period during which the Officer continued to actually serve in his position, if he so continued, provided that the conditions have been satisfied for receipt of an annual bonus in respect of the said year.

6.2.2 **Adjustment period**: as part of the terms of office and employment of the Officers of the Company, the Officers shall be entitled to an adjustment period (which does not overlap the advance notice period) in any event of the termination of office, except in cases where severance pay may be denied according to law, subject to the conditions set forth below.

The Officer's entitlement to the adjustment period shall apply as against the signing by the Officer of a Non-Competition Undertaking and a Deed of Release and Waiver to the Company and any entity on the Company's behalf in connection with his office, his employment and the termination of his employment at the Company, in such draft as per standard practice at the Company.

The adjustment period shall be as set forth below:

1) For the CEO of the Company: an adjustment period of six months.

2) For the rest of the Officers: such adjustment period as shall be determined (after hearing the CEO) taking into consideration the rest of his terms of office and employment, provided that the adjustment period shall not exceed six months.

The adjustment period shall commence at the expiration of the advance notice period, and during the adjustment period, the Officer shall be entitled to the Salary and also to the Related Terms. It is clarified that the Officer shall not be entitled to the proportionate part of the annual bonus in respect to the adjustment period.

6.2.3 **Retirement pay**: as part of the retirement terms for Officers of the Company, the Company's policy is to grant retirement pay in any case of termination of employment, except in cases where severance pay may be denied pursuant to law, as set forth below:

1) The CEO of the Company shall be entitled to severance pay/ retirement pay at a total rate of two (2) gross monthly salaries (in accordance with the amount of the CEO's most recent monthly salary prior to the retirement date – hereinafter: the "**Last Salary**"), in respect ~~to~~ of each year of work[16]. The Board of Directors of the Company, after the approval of the Compensation Committee (and also the approval of the general meeting, insofar as required by law), may increase the amount of the said pay by an additional rate of up to an additional 10%, taking into consideration the period in office served by the CEO, his terms of office and employment during this period, the Company's performance during the said period, the CEO's contribution to the achievement of the Company's objectives and the maximization of the Company's profits and the circumstances of his retirement.

2) The rest of the officers of the Company shall be entitled to severance pay/retirement pay at a total rate of one gross monthly salary, in the amount of the Last Salary, in respect of each year of work. The Board of Directors of the Company, after the approval of the Compensation Committee (which shall hear, for this purpose, the CEO's recommendation), may approve the right for additional retirement pay for the Officer at a rate of up to one additional Last Salary for each year of work, taking into consideration the Officer's office and the rest of his office and employment terms.

3) With respect to new Officers only (who are not serving in the Company on the date of approval of this Policy): They shall be entitled to severance/retirement pay at the rate of one gross monthly salary, in the amount of the last salary, for each year of employment.

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[16] However, should the CEO's Last Salary be lower than the salary to which the CEO was entitled during his term in office, then for the purpose of the severance pay/retirement pay, the CEO's salary shall be taken into account as it was throughout the period during which it was paid, and his lower salary shall be taken into account solely in respect of the period during which it was paid (and their weighted average in accordance with the relevant periods shall constitute the "Last Salary").

Following the approval of the Compensation Committee, the Company's Board of Directors may approve entitlement to additional severance at the rate of up to one more last salary, only subject to an employment period at the Company of not less than three years (the "**Qualification Period**") and for each year of employment after the Qualification Period.

During the entire period of this Policy, severance/retirement benefits at the total rate of the last two salaries as stated above shall apply only to ~~-~~the five senior Officers.

The severance pay/ retirement pay as stated above include the amounts due to the Officer in respect of the compensation in the pension funds/ provident funds (as calculated by the insurance companies/ provident fund companies, including accrued profits), and the Company shall supplement, for the Officer, those amounts as required to make up the amounts due to him as stated above.

~~In case an Officer is entitled to~~ Payment of severance pay~~severance pay~~/ retirement pay ~~(~~at a rate exceeding the rate set forth in the Law~~), his entitlement shall be established~~ shall be made as against the signing by the Officer of a Non-Competition Undertaking and a Deed of Release and Waiver to the Company and any entity on the Company's behalf in connection with his office, his employment and the termination of his employment at the Company, in such draft as per standard practice at the Company.

6.2.4 Given that the terms of office for the CEO of the Company as determined in this Compensation Policy, together with the CEO's updated terms of office as the chairman of the Board of Directors of ICL, were not intended to derogate from his overall terms of office prior to the date of the approval of this Compensation Policy, if the terms of retirement and termination of employment of the CEO in respect of his service as the chairman of the Board of Directors of ICL, including pursuant to the provisions of ICL's compensation policy, are inferior, as compared with the terms of retirement and termination of employment as set forth in this Section 6 above, then the CEO shall be entitled to the difference, if any, from the Company, in such a manner that the restructuring of the compensation shall not derogate from the terms of retirement and termination of employment to which he was entitled, as aforesaid, in accordance with his terms of office prior to the taking effect of this Compensation Policy, and the Company shall bear this difference as will be approved by the Audit Committee and the Board of Directors of the Company, on the relevant date.

7. **Annual Bonus for the Officers of the Company**

7.1 **Objective**

7.1.1 The Company deems it fit to determine, for the Company's benefit, that a significant component of the compensation for the Officers serving at the Company shall be determined in accordance with the Company's results and with the goals from its strategic plan, paying heed to the Company's objectives as set forth in section 1 of this Compensation Policy and to the Officers' contribution to the achievement of the Company's objectives, as set forth, *inter alia*, in the Company's work plan, all with a long-term perspective, and taking into consideration the position of each one of the Officers and the Company's risk management policy.

7.1.2 The Company's aspiration is to encourage the Officers to obtain excellent achievements for the Company's benefit, whilst tying the bonus to the Company's results, paying heed to the character of the Company and its challenges.

7.2 **Manner of Determining the Annual Bonus**

The amount of the bonus for each Officer shall be determined as set forth below:

7.2.1 For every relevant year, the maximum bonus amount is determined with regard to the Officers' office and seniority, as follows:

For the CEO of the Company – a maximum bonus equal to ~~9~~ 12 gross monthly Salaries[17].

For the VP of the Company – a maximum bonus equal to ~~6~~ 9 gross monthly Salaries[18].

7.2.2 The annual bonus for the Officers will be based on measurable criteria, which are derived from the Company's actual performance during the relevant calendar year with respect to the targets that were set in the work plan, in advance, with respect to the said year (hereinafter: the "**Target-Based Bonus Component**"), with the exception of an immaterial part of the bonus which will be based on discretion (hereinafter: the "**Discretionary**

[17] With regard to the annual bonus for 2022, the amount of the monthly salary, as it was commencing from January 1, 2022 and up until June 30, 2022, pursuant to the CEO's current terms of office prior to the updating of his terms of office, shall be taken into account, as well as the amount of the monthly salary to which the CEO will be entitled pursuant to the updated terms of office (which are being brought for approval concurrently with this Compensation Policy), commencing from July 1, 2022 and up until December 31, 2022.

[18] It is clarified that the ceiling of the bonus for a VP of the Company in accordance with this Compensation Policy shall apply effective from January 1, 2022.

Bonus Component”). Notwithstanding the foregoing, with respect to Officers who are subordinate to the CEO (VPs), the Compensation Committee and the Board of Directors of the Company may determine that the annual bonus, in whole or a material part thereof, will be based on discretion, as will be determined by them (and it will not be subject to the terms and conditions as stated in section 7.2.~~3~~ 4 below), provided that it ~~will~~ does not exceed the ceiling as stated in section 7.2.1 above. ~~With respect to the CEO, the Discretionary Bonus Component will not exceed three monthly salaries.~~

7.2.3 With respect to the CEO of the Company: the criteria for the annual bonus for the CEO will be determined by the Audit and Compensation Committee and the Board of Directors in accordance with the provisions below:

1) The Audit and Compensation Committee and the Board of Directors shall determine what the *pro rata* weight is of each target that will be chosen for the purpose of calculating the Target-Based Bonus Component, as stated in Section 7.2.2 above, and the number of targets that will be included. The targets that will be chosen in the framework of the Target-Based Bonus Component shall be measurable targets.

2) The Discretionary Bonus Component shall be up to 3 times the CEO’s gross monthly salary[19], and the amount of the compensation in respect of the Discretionary Bonus Component and the Target-Based Bonus Component shall not exceed the ceiling as stated in Section 7.2.1 above. It should be noted that the Discretionary Bonus Component will be determined in accordance with an assessment by the chairman of the Board of Directors of the Company, and subject to the approval of the Audit and Compensation Committee and the Board of Directors of the Company, and the granting thereof shall not be subject to the Minimum Profit (as defined below).

7.2.~~3~~4 It should be emphasized that a threshold condition for the granting of a bonus in respect of a Target-Based Bonus Component for a certain calendar year is the existence of a positive neutralized(*) Net Profit of no less than ~~$70 million~~ 80% of the Net Profit that was determined in the work plan that was approved by the Board of Directors of the Company for that year ~~according to the Company’s annual financial reports for that year~~ (hereinafter: the

[19] With respect to the annual bonus for 2022, see footnote 17 above.

"**Minimum Profit**"); (*)"neutralized Net Profit" – for the purpose of calculating compliance with the Minimum Profit, extraordinary events will be neutralized, in accordance with the events set forth in Section 7.2.8 of the Compensation Policy.[20]

7.2.5~~4~~ In the framework of the Target-Based Bonus Component, the Compensation Committee and the Board of Directors of the Company will choose between two and six targets, which will be measurable performance targets or measurable financial targets, out of the following targets: meeting the budget or components within it, net profit, net debt, milestones in the making of investments in accordance with the Company's strategy~~,~~ (including at Acquired Companies), the disposal of assets, financial costs, return to shareholders, cash flow, debt raising (including issues/debt refinancing), the making of a strategic transaction (including restructuring) in the Company's holdings in the companies held by it (both present and future), the achievement of targets from the strategic plan that will be determined by the Company, measurable targets of companies held by the Company, savings in costs and expenses, regulatory targets[21]; and they will also determine the *pro rata* weight for each target, which will be not less than 15% with respect to each target.

7.2.6~~5~~ The selection of the structure of the Target-Based Bonus Component, the targets and the weighting for the bonus will be determined by the Compensation Committee and the Board of Directors, as set forth above,

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[20] It is hereby clarified that the granting of the Discretionary Bonus Component will not be subject to the Minimum Profit; it is further clarified that the text of the threshold condition as set forth in this Section 7.2.4 was approved for the years 2021 and 2022 prior to the date on which this Compensation Policy took effect. For details, see the Report Convening a Meeting dated March 24, 2021 (Reference No.: 2021-01-044040), as approved by the general meeting on April 29, 2021 (Reference No.: 2021-01-073935), which is incorporated herein by reference. It is clarified that, in any event, the threshold condition that was amended in the Report Convening a Meeting dated March 24, 2021, as aforesaid, shall continue to apply with respect to the bonus for 2022 for the CEO and for the other Officers of the Company.~~.~~
~~It is clarified that the threshold condition for the purpose of granting a Target-Based Bonus Component, for the years 2021 and 2022, will be the existence of a positive neutralized net profit(*) which is not lower than 80% of the net profit that was determined in the work plan that was approved by the Company's Board of Directors for each of the years 2021 and 2022, respectively (instead of the Original Minimum Profit, as defined above);~~
~~* Neutralized net profit – for the purpose of calculating the "net profit", extraordinary events will be neutralized, in accordance with the events set forth in the Report for the Approval of the Terms and Conditions of the CEO's Office (Reference No.: 2019-01-059392), which is incorporated herein by reference.~~

[21] Naturally, the Company's work plan and its strategic plan contain confidential, private and sensitive information, disclosure of which could harm the Company's best interests.

each year in advance, no later than by the end of March of the said year, and it will be examined in a detailed manner.[~~22~~23]

7.2.7~~6~~ When the Compensation Committee and the Board of Directors of the Company come to determine the structure of the Target-Based Bonus Component, it will be decided, for each target, whether it will be measured in accordance with one of the following two alternatives:

(a) The designated target alternative – in accordance with this alternative, a measurable target threshold will be determined with respect to each target that will be derived from the work plan (budget) or directly from a parameter that needs to be modified or achieved (hereinafter: the "**Designated Target Threshold**"). If the Officer complied with the Designated Target Threshold, he will be entitled to the full compensation in respect of the said target; however, if the Officer failed to comply with the Designated Target Threshold, he will not be entitled to any compensation at all in respect of the said target;

(b) The linear alternative – the Compensation Committee and the Board of Directors of the Company will make use of the rules as set forth below:

(i) For each target, a quantitative Designated Target Threshold will be determined, as defined in Section 7.2.7(a) ~~7.2.6(a)~~ above.

(ii) For each target, a quantitative lower threshold will also be determined, and it will be not less than 80% of the Designated Target Threshold. In the event of failure to comply with the lower threshold, no bonus whatsoever will be paid in respect of the specific target.

(iii) Compliance with the lower threshold will enable the granting of the bonus at a certain percentage of the bonus in respect of the specific target, and compliance with the Designated Target Threshold (100%) will enable the granting of the full compensation with respect to that target. Compliance at a rate ranging between the lower threshold and the Designated Target

[22] It should be noted that the amount of the annual bonus for the VPs in respect of 2019 will be calculated in accordance with the bonus formula that is set forth in the Company's previous compensation policy; however, upon the determination of the Compensation Policy, the payment of the bonus in respect of 2019 will not be subject to the annual bonus payment schedule provisions of the Current Compensation Policy, and it will be paid in full, upon and subject to the approval thereof. The annual bonus formula that is set forth in this Compensation Policy will be in effect commencing from the bonus in respect of 2020.

[23] It is clarified that the targets in connection with the annual bonus for 2022 were set a long while ago, in accordance with the current terms of office of the CEO and of the rest of the Officers.

Threshold will enable the granting of a bonus that will be calculated in a linear manner (with respect to the difference between the lower threshold and the Designated Target Threshold).

7.2.~~7~~8 The "exclusion" of exceptional events – exceptional events and/or events that are not related to the current activities of the Company and/or of companies held by the Company, as stated below, will be excluded from the cancellation of the performance for the purpose of the Target-Based Bonus Component, so that they will not affect the eligibility to the annual bonus and the calculation thereof during the Bonus Year in which the said events occurred, provided that their impact was not taken into account ~~in the Company's budget~~ in advance for the Bonus Year:

(a) Exclusions that were made in respect of the said fiscal year by ~~Israel Chemic~~ICL Group~~als~~ Ltd., Oil Refineries Ltd. and ~~an~~other compan~~y~~ies in which the Company has a material impact in connection with annual bonuses to the ~~Officer~~ general managers at these companies.

(b) Effects of investment accounting on the Company, which were not budgeted for, such as: changes in the accounting treatment as a result of going into consolidation or coming out of consolidation, an increase/decrease of control, any other change in the manner of the accounting treatment of an investment (for example, a transition from equity to assets designated for sale, etc.), disposals, amortizations, revaluations.

(c) The exclusion of the effect of accounting results, which were not budgeted for, in respect of mergers, acquisitions or disposals.

(d) The exclusion of accounting profit or loss, which was not budgeted for, arising from an event that is not backed by the receipt or withdrawal of cash flow, such as: the effect of expenses or income as a consequence of previous claims, deferred taxes.

(e) The exclusion of the effect of financial and capital transactions, which were not budgeted for, such as: derivatives, COLLAR, the replacement and revenue of financial assets, the issue of securities with a discount/premium.

(f) The exclusion of the effect of changes in accounting standardization, which were not budgeted for.

For the purpose of the provisions of this section, the "Company" means the Company and the Company's Corporate Headquarter Companies, as defined in the section of definitions in the Chapter of the Corporation's Business in the Company's Periodic Report for ~~2018~~2021.[24] It should be clarified that notwithstanding the foregoing, the Compensation Committee and the Board of Directors will be entitled to determine that they will not make such an exclusion or that they will make an exclusion of an exceptional event that has not been included above, provided that with respect to the CEO only, the supplement, as a consequence of the non-making of such exclusion or the making of another exclusion, together with the Discretionary Bonus Component, will not exceed the maximum Discretionary Bonus Component as stated in section 7.2.2 above.

~~7.3 Upon the determination of this Policy, the Compensation Committee may determine that amounts that were scheduled in respect of the annual bonus for 2018, in accordance with the provisions of the Company's previous compensation policy, will be paid to the Officers on the date of the payment of the annual bonus for 2019.[25]~~

7.3~~4~~ **Power to Reduce the Bonus**

Notwithstanding the foregoing, the Board of Directors may, in its discretion, reduce the amount of the bonus to which an Officer shall actually be entitled, including, and without derogating from the generality of the foregoing, in the event of a significant deviation from the Company's risk management policy.

7.4~~5~~ **Reimbursement of Amounts Based on the Financial Statements**

Should it transpire that payments were made to an Officer based on data which subsequently transpired to be erroneous and which were restated in the Company's Financial Statements, the Officer shall be required to reimburse the Company for the difference between the amount which he received and the amount which should have been received in accordance with the updated calculation, provided that no more than three years had passed from the date of publishing the financial reports on the basis of which the bonus is given. Without derogating from the said commitment, the Company may offset the amount of the reimbursement due to the Company, as aforesaid, from any amount which it shall be required to pay to the said Officer.

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[24] Which was published on March 19, 2019, and which is presented by way of incorporation by reference (Reference No.: 2019-01-024244).

[25] For additional details regarding the Company's former compensation policy see company's reports from 28.6.2018 and from 9.7.2018 (Reference No.: 2018-01-057546 and 2018-01-062016) (hereinafter and foregoing: "**the Previous Compensation Policy**").

7.5~~6~~ As stated above, in the event of the termination of employment during a Bonus Year, an Officer will be entitled to a *pro rata* bonus in respect of the period during the said Bonus Year in which the Officer continued to actually serve in his position (including during the advance notice period), subject to the terms of eligibility to an annual bonus in respect of the said Bonus Year, and it will be paid on the date of the payment of the annual bonuses to the Officers who will be serving at the Company at that time~~ (as stated in sections 7.2.1 to 7.2.7 above)~~. The Officer will not be entitled to an annual bonus (or to a *pro rata* share thereof) in the event of the termination of his office under circumstances in which severance pay can be denied by law.

8. **Special Bonus**

8.1 The Compensation Committee and the Board of Directors of the Company see the importance in providing incentives to the Officers, to act in order to perform transactions or extraordinary actions, from a strategic point of view, which are intended to promote the Company's business and the best interests of its shareholders, from a long-term perspective.

8.2 In special cases of performance of a transaction (including restructuring, spin-off, sale of holdings/activities or merger) of exceptional significance and complexity for the Company, the Compensation Committee and the Board of Directors of the Company may grant, in addition to the compensation components pursuant to this Compensation Policy, to officers who are VPs, a special bonus of up to three monthly salaries, only once during the period of this Compensation Policy, taking into consideration the VP's contribution to the advancement of the transaction and completion thereof, the special efforts that were devoted by him beyond the usual scope of his position, the transaction's contribution to the creation of value for the Company's investors from a long-term perspective, and the total compensation to which he is entitled after completion of the transaction.

9. Capital Compensation

9.1 **Objective**

Capital compensation is intended to create an alignment between the shareholders' interests and the Officers' compensation, thereby creating appropriate incentives for the Officers to maximize the Company's value over the long-term.

9.2 Accordingly, the Company may adopt a capital compensation plan at the Company, which is based on the granting of units of restricted shares and/or restricted shares (whether or not performance-dependent) and/or option warrants convertible into shares of the Company, or a combination thereof, the allocation and vesting of which will be contingent upon the provisions set forth below (hereinafter: "**Capital Compensation in the Company**" and the "**Capital Compensation Plan,**" as applicable). The granting of the Capital Compensation in the Company to the Officers may be done in the format of an annual grant (i.e., the allocation of capital compensation units each year) or in the format of a periodic grant (such as the granting of capital compensation units once every three/four years).

In the framework of this Compensation Policy, the possibility is formalized of granting Capital Compensation in the Company to the VPs and to the directors (as stated in Section 10 below) only, and all as set forth below.

9.3 In addition, in accordance with the Company's ~~updated~~ business strategy, as reported by the Company on March 13, 2019 (Reference No. 2019-01-021592), the Company will also aspire to maximize the value for its shareholders, *inter alia*, from new investments~~, in a format that is similar to the private equity format~~. Therefore, in respect of each ~~subject to~~ completion of the Company's engagement in a new investment[26] (hereinafter: the "**Investment Transaction**" and the "**Acquired Company**," respectively), should it be implemented, the Officers may receive, without consideration, capital compensation that will consist of option warrants convertible into shares of the Acquired Company, which shall be allocated by the Acquired Company (hereinafter: the "**Options for Shares in Acquired Companies**") or, in cases in which, in the framework of an Investment Transaction, it is not possible, for any reason whatsoever, for the Acquired Company to grant Options for Shares in the Acquired Company, to the Company's Officers upon the completion of the Investment Transaction, the Officers will be entitled to receive from the Company, upon the completion of the Investment Transaction or shortly thereafter, without consideration, options for the purchase of shares in the Acquired Company from the Company (relative to the number of shares out of those shares in the Acquired Company that will be purchased by the Company) (hereinafter: the "**Designated Shares**" and the "**Options for the Designated Shares**"), in accordance with the principles as set forth in this section below (hereinafter: the "**Capital Compensation in Acquired Companies**").~~[27]~~

9.4 The granting of capital compensation to Officers of the Company by virtue of a Capital Compensation Plan and Capital Compensation in Acquired Companies ~~will~~ shall be subject to obtaining the approval of the Compensation Committee and the Board of Directors of the Company. The scope of the capital compensation and the specific terms and conditions for the allocation to each one of the Officers, including the mix of the capital compensation that may include Capital Compensation in the Company or a

[26] The Compensation Committee and the Board of Directors may approve that receipt of shares by the Company as a consequence of spin-off measures, a merger or a restructuring of the companies held by the Company shall be deemed to be an investment transaction for the purpose of the grant of capital compensation, as stated below.

[27] It is clarified that the Company's incumbent CEO as of the date of the determination of this Compensation Policy is entitled to Capital Compensation in Acquired Companies.

combination of Capital Compensation in the Company and Capital Compensation in Acquired Companies, will be determined in accordance with the provisions of the Compensation Policy, as set forth below, and also in accordance with the position, the actions and the contribution of each one of the Officers to the Company's performance, in accordance with the assessment by the Compensation Committee and the Board of Directors of the Officer's ability to contribute to the achievement of the Company's targets in the long-term, and the Company's aspiration to retain the Officer at the Company for the long-term.

9.~~6~~5 Principles of the Capital Compensation in the Company

9.~~6~~5.1 At the time of the determination of a Capital Compensation Plan at the Company, as stated above, this Plan, as well as the Capital Compensation in the Company and the allocation thereof to the Officers, will be brought for approval by the Compensation Committee and the Board of Directors of the Company. It should be clarified that the Compensation Committee and the Board of Directors of the Company may determine additional provisions in connection with the Capital Compensation Plan for the Officers of the Company, and they may also update, from time to time, the terms, conditions and provisions thereof, provided that the said modification or update will not contradict the provisions that have been set forth in the Compensation Policy.

9.~~6~~5.2 ~~With respect to an Officer who is a VP –~~ The maximum fair value[28] of the Capital Compensation in the Company for a VP will not exceed nine times the monthly salary (gross) of the ~~Officer~~ VP for any year (it will be calculated in accordance with the result that is obtained by dividing the fair value of the capital compensation on the date of the grant thereof by the number of vesting years, and in such a manner that is not necessarily in accordance with the accounting entry of the expense) (hereinafter: the "**Fair Value Ceiling at the Company**").

9.5.3 The vesting period of the capital compensation will be at least three years from the date of the allocation, and each year, the *pro rata* share of the amount of the securities that was allocated to the Officer will vest (hereinafter: the "**Vesting Period**").

The Vesting Period is intended to serve as an incentive from a long-term perspective. Nevertheless, the Company may determine provisions in the Capital Compensation Plan with respect to the acceleration of the Vesting Period, such as in the event of the termination of employment, retirement, restructuring, a change of control in the Company or other events, in

[28] The value as of the date of the grant, when the economic value will be determined in accordance with the Black-Scholes model or with the binomial model or with any other generally accepted economic model for the performance of valuations, as will be determined by the Compensation Committee.

accordance with the discretion of the Compensation Committee and the Board of Directors.

9.~~6.3~~5.4 In the event of the allocation of options, the options may be exercised during the exercise period. Options that have not been exercised will expire at the expiration of the exercise period, as will be determined by the Compensation Committee and the Board of Directors, and it will not exceed seven years from the date of the grant. After the expiration of the options, they will be devoid of any value whatsoever.

9.~~6.4~~5.5 In the event of the allocation of options to Officers, the options will be exercisable at a price that will be, at the very least, the average share price of the Company's share during the 30 Stock Exchange trading days that preceded the resolution of the Company's Board of Directors on the allocation or the Company's share price on the Stock Exchange at the end of the trading day that preceded the date of the allocation, whichever is the higher of the two, plus a premium of 5% above the said price. In the event of restricted shares, they will be granted without an exercise price.

9.~~6.5~~5.6 The Company may determine, in the Capital Compensation Plan, provisions with respect to a cashless exercise mechanism, so that at the time of the exercise of options, the Officer will be entitled to such number of underlying shares that will reflect the benefit component only, as well as provisions with respect to the Company's right to purchase the shares from the Company's employees.

9.~~6.6~~5.7 In addition, the terms and conditions of the Capital Compensation in the Company will include adjustments, in keeping with standard practice, to protect the offeree, such as in events of the distribution of a dividend at the Company, the distribution of bonus shares, the issue of rights, a merger, the purchase or sale of assets, a restructuring, the alteration of capital, and so on and so forth.

9.5.8~~6.7~~ The Capital Compensation may be granted in accordance with the provisions of Section 102 of the Income Tax Ordinance (New Version) 5721-1961 (hereinafter: the "**Ordinance**"), or any provision that will replace or modify same, and it may be done in accordance with another tax track that is optimal as far as the Officers are concerned, as will be determined from time to time.

9.~~6.8~~5.9 On the date of the approval of the Capital Compensation Plan, the Company's shares that may arise from all of the Capital Compensation Plans for all of the Officers who are VPs, which are in effect at the said time, will not constitute more than one percent of the Company's paid-up and issued share capital (after the allocation and on a fully diluted basis).

9.5.10~~6.9~~ The Capital Compensation Plan will include terms and conditions with respect to the vesting and/or exercise of the capital compensation by the Officer in the event of the termination of office under different circumstances.

9.~~6~~5.~~10~~11 As aforesaid, the principles as set forth above reflect the main terms and conditions of the Capital Compensation in the Company for the Officers of the Company. The rest of the provisions that pertain to the allocation of the Capital Compensation in the Company will be determined in the Capital Compensation Plan, and, *inter alia*, provisions with respect to the rights of the Officers in connection with the units of restricted shares and/or restricted shares and/or options to shares; tax aspects; the manner of exercise, etc. The Compensation Committee and the Board of Directors will be able to determine additional provisions in connection with the Capital Compensation in the Company and they will also be able to update, from time to time, the terms, conditions and provisions thereof, provided that the said modification or update does not deviate from the ceilings for the capital compensation as set forth above.

9.~~7~~6 Principles of the Capital Compensation in Acquired Companies[29]

9.~~7~~6.1 **CEO:** In respect of each completion of an Investment Transaction in an Acquired Company, the CEO is entitled to receive, without consideration, Capital Compensation in the Acquired Company, which shall consist of Options for Shares in the Acquired Company or Options for the Designated Shares, as set forth above, without additional approvals being required of the Company's organs, as soon as practicable after the completion of the Investment Transaction, and all in accordance with the principles set forth in this Section 9 of the Compensation Policy.

9.6.1.1 (a) A threshold condition for the granting of the Capital Compensation in Acquired Companies to the CEO is an undertaking by the CEO that an amount equal to 23% of the amount of the last net annual bonus which was actually paid to the CEO (if any), prior to the completion of the Investment Transaction, shall be given by way of the allocation of Options for Shares in the Acquired Company (from the Acquired Company) or Options for Designated Shares from the Company, as the case may be.[30]

[29] It is clarified that the principles of the Capital Compensation below were prepared based on the principles of the Capital Compensation that were approved for the Officers in the framework of the amendment to the Compensation Policy and the amendment of the terms of office of the Company's CEO, prior to the date on which this Compensation Policy took effect. See reports dated November 21, 2021 (Reference No.: 2021-01-168939) and dated December 27, 2021 (Reference No.: 2021-01-185538), incorporated herein by reference.

[30] Such *pro rata* share shall be granted: (a) in Options for Shares in the Acquired Company (from the Acquired Company); or (b) should it not be possible to receive Options for Shares in the Acquired Company from the Acquired Company – in Options for Designated Shares from the Company, in an

(b) If, in the calendar year in respect of which the bonus is being given, the Basic Annual Grant (as defined below) for that year was not granted in full, the rate of the amount out of the net annual bonus which the CEO shall invest and which shall be given as Capital Compensation in Acquired Companies, as stated above, shall be reduced in accordance with the rate of the Capital Compensation in Acquired Companies that was actually given out of the Basic Annual Grant (as defined below).

If, in that same year, a certain amount was given on account of this undertaking by the CEO (in Options for Shares in the Acquired Company from the Acquired Company or in Options for Designated Shares from the Company, as the case may be), the said amount shall be subtracted from the CEO's aforesaid undertaking, so that in any event, an amount higher than 23% of the net annual bonus in each year shall not be given by way of Capital Compensation in Acquired Companies, as aforesaid.

9.6.1.2 In addition to the provisions of Section 9.6.1.1 above with regard to the granting of Capital Compensation on account of part of the annual bonus, the value of the annual grant of the Capital Compensation in Acquired Companies to the CEO shall equate to (subject to what is stated in Section 6.5 below) NIS 3 million per calendar year (the value as of the date of the grant, when the economic value will be determined in accordance with the Black-Scholes model or with the binomial model or with any other generally accepted economic model for the performance of valuations, as will be determined by the Compensation Committee)

Investment Transaction that is performed in the year in respect of which the bonus is being granted, in accordance with the value thereof on the date of the grant. The allocation of the Capital Compensation in Acquired Companies in respect of the aforesaid threshold condition shall be done on the date of completion of the Investment Transaction or thereabouts (together with and in addition to the allocation in respect of the Capital Compensation in Acquired Companies in respect of the said Investment Transaction), in such scope as required for the purpose of the CEO's investment, as stated in this section, in accordance with the amount of the last net annual bonus that was actually paid to the CEO prior to the date of the Investment Transaction, when this amount shall be offset from the next bonus to which the CEO shall be entitled (in the event of the termination of his office, the said amount shall be deducted from the amounts to which the CEO shall be entitled in respect of the termination of his office). The Options for Shares in the Acquired Company and/or the Options for Designated Shares in respect of the *pro rata* share out of the annual bonus shall be subject to the terms and conditions as set forth in this Compensation Policy. It is clarified that if, in any year, no Investment Transaction was made, there will be no offsetting from the annual bonus. It should be noted that due to the reduction in the scope of the annual bonus to be paid by the Company in accordance with the terms of office as brought for approval in the Report Convening a Meeting to which this Compensation Policy is attached, effective from July 2022 (if paid), as compared with the scope of the bonus that was paid in respect of 2021 in accordance with the current terms of office, the threshold condition for the granting of the Capital Compensation in respect of 2022 shall be 23% out of half of the amount of the last net annual bonus that was actually paid to the CEO in respect of 2021, and the other terms and conditions shall apply, as set forth above.

(hereinafter: the "**Basic Annual Grant**").[31] It should be clarified that the CEO shall be entitled to one grant only of Capital Compensation in Acquired Companies, at each Acquired Company, and this is in addition to and without derogating from that stated in Section 9.6.1 above with respect to the grant on account of part of the annual bonus.

9.6.1.3 If, in a certain calendar year, the Company does not make an Investment Transaction or when the value of the Capital Compensation in Acquired Companies which the CEO actually received in any calendar year is lower than the Basic Annual Grant for any reason whatsoever, the part that was not granted shall be carried forward to one additional calendar year only (the amount of the Basic Annual Grant in respect of a particular calendar year, including the amounts carried forward from the previous calendar year, and which can be used in that year, shall hereinafter and hereinabove be referred to as: the "**Cumulative Grant for the CEO**"). It should be clarified that in any granting of Capital Compensation in Acquired Companies, the grant shall first be applied in respect of the differences accumulated from the previous year, and thereafter, in respect of that year.

9.6.2 **VPs**: Subject to the making of Investment Transactions, the Options in Acquired Companies will be granted to an Officer in such a manner that the Acquired Company will allocate to the Officer the Options in the Acquired Company (in the framework of the Investment Transaction or as an undertaking to make the allocation on a future date, around the time of the Investment Transaction) or, ~~in cases in which, in the framework of an Investment Transaction, it is not possible, for any reason whatsoever, for the Acquired Company to grant Options for Shares in the Acquired Company, to the Company's Officers upon the completion of the Investment Transaction, the Officers will be granted~~ as the case may be, Options for Designated Shares~~, which shall be allocated to the Officer by the Company~~. The Compensation Committee and the Board of Directors of the Company will approve the scope of the Capital Compensation in the Acquired Companies that will be allocated to the Officers who are VPs out of the Fair Value Ceiling at Acquired Companies (including a Cumulative Grant for the VP, if relevant), as these terms are defined below. It should be clarified that the Officer will be entitled

[31] It is clarified that in the event of the granting of Options for Designated Shares, the Audit and Compensation Committee shall determine the number of Options for Designated Shares that are derived from the value of the Capital Compensation in Acquired Companies as of the date of the grant that will be granted to the CEO (in accordance with the economic model that will be determined, as stated in this section above).

to one grant only of capital compensation in an Acquired Company, at each Acquired Company.

9.6.2.1 The maximum fair value per year of the Capital Compensation in Acquired Companies will not exceed the difference between the Fair Value Ceiling at the Company and the fair value of the Capital Compensation at the Company that was actually granted to the Officer, when this difference is multiplied by 1.33[32] (hereinafter: the "**Fair Value Ceiling at Acquired Companies**"). It is clarified that in accordance with this Policy, Capital Compensation will not be granted to a VP only at the Acquired Companies.

9.6.2.2 If, in a certain calendar year, the Company does not make an Investment Transaction or when the value of the Capital Compensation in Acquired Companies which a VP actually received in any calendar year is lower than the Fair Value Ceiling at Acquired Companies in respect of that year, the part that was not granted to the relevant VP shall be carried forward to one additional calendar year only (the amount of the Fair Value Ceiling at Acquired Companies in respect of a particular calendar year, including the amounts carried forward from the previous calendar year, and which can be used in that year, shall hereinafter and hereinabove be referred to as: the "**Cumulative Grant for the VP**"). It should be clarified that in any granting of Capital Compensation in Acquired Companies, the grant shall first be applied in respect of the differences accumulated from the previous year, and thereafter, in respect of that year.

9.~~7~~6.~~2~~3 If, at the time of the making of an Investment Transaction, an additional Investment Transaction is expected in the very same year, the Compensation Committee will determine the value of the Capital Compensation that will be granted to the Officer in respect of each Investment Transaction out of the Fair Value Ceiling at Acquired Companies or the Cumulative Grant for the VP, as applicable, and with respect to the CEO – out of the Basic Annual Grant or the Cumulative Grant for the CEO~~.~~, provided that the aggregate amount of the value of the Capital Compensation in Acquired Companies in respect of all of the Investment Transactions in that calendar year shall not exceed the ceilings set forth in this Compensation Policy with respect to the VPs and the CEO (including the Cumulative Grants for the VPs and the CEO).

32 For example, in the event that Capital Compensation at the Company was granted to an Officer in the value of six salaries per year, then the Fair Value Ceiling at Acquired Companies will equate to four salaries per year.

9.~~7.3~~6.4 In the event of the completion of an additional Investment Transaction during the last three months of the year after the entirety of the Fair Value Ceiling at Acquired Companies was allocated for the year, to any Officer, the Compensation Committee and the Board of Directors may approve bringing forward Capital Compensation in respect of the additional investment, out of and on account of part of the Basic Annual Grant for the CEO or of the Fair Value Ceiling at Acquired Companies for the VPs, as the case may be, for the following year for the said Officer, in a scope that will not exceed 33.33% of the Fair Value Ceiling at Acquired Companies for the following year. In the event that Capital Compensation is brought forward, as aforesaid, the period between the allocation date and up until the commencement of the following year will be added to the vesting period for the first tranche of the Capital Compensation in the additional investment.

~~It is clarified that the provisions of this Section 9.7.3 above will apply with respect to the Capital Compensation in Acquired Companies for all of the Officers (who are not directors), including the Company's incumbent CEO as of the date of the determination of this Policy.~~[33]

9.6~~7~~.5~~4~~ The Capital Compensation in each Acquired Company which is granted to all of the Officers who are VPs of the Company shall not exceed 3% of the issued capital/the rights of the said Acquired Company (assuming the full exercise of the Capital Compensation in Acquired Companies,~~the Options in the Acquired Company or of the Options for Designated Shares, as the case may be).~~ and the Capital Compensation with respect to the CEO shall not exceed 7% of the issued capital/the rights of the Acquired Company (assuming the full exercise of the Capital Compensation in Acquired Companies, as the case may be).

9.~~7~~6.~~5~~6 The Capital Compensation in Acquired Companies shall vest in stages, ~~–~~in three equal and fixed tranches, over a period of three calendar years, commencing from January 1st of each year in respect of which Capital Compensation in Acquired Companies is given to the Officer in respect of the completion of an Investment Transaction, in such a manner that on the 1st of each following January, one third (1/3) of the amount granted in respect of the said year that has passed shall vest.[34]

[33] And this is without derogating from the rest of the terms and conditions for the granting of the Capital Compensation in Acquired Companies.

[34] It is clarified that in accordance with the provisions of the Compensation Policy in effect up until the approval of this Compensation Policy, the VPs were granted Options for Designated Shares in connection with the completion of the AKVA transaction, whose vesting terms were linked to the vesting terms of the last Capital Compensation in the Company, which was granted to the Officers as aforesaid (see the Private Placement Report dated December 6, 2020 (Reference No.: 2020-01-124186) (hereinafter: the "**Private Placement Report**") and also the Report on the Changes in Officers' Holdings, dated December 20, 2020 (Reference No.: 2020-01-130264), which are incorporated herein by way of reference). It is clarified that the terms and conditions of this Compensation Policy do not derogate from the terms of allocation and

It is clarified that the foregoing is also valid for a year in which the "Cumulative Grant for the CEO" or the "Cumulative Grant for the VP," as the case may be, has accumulated, together with the "Basic Annual Grant," so that if the relevant Officer is entitled to Capital Compensation in Acquired Companies also in respect of such Cumulative Grant, the vesting period of the Capital Compensation in Acquired Companies that was granted in respect of the Cumulative Grant shall commence on the 1st of January of the year preceding the year in which the Investment Transaction was performed, together with the vesting period of the Capital Compensation in Acquired Companies which was granted in respect of the Basic Annual Grant (to the CEO), or in respect of the Fair Value Ceiling in Acquired Companies (to the VP), as the case may be, which shall commence on the 1st of January of that year in which the Investment Transaction was made.~~the last date of the allocation of the Capital Compensation in the Company, which was granted to any officer, prior to the granting of the Capital Compensation in the Acquired Company (hereinafter: the "**Date of the Allocation of Capital Compensation in the Company**"), in such a manner that at the expiration of each subsequent year after the last Date of the Allocation of Capital Compensation in the Company that was granted to the officer, 1/3 (one third) of the amount of the Capital Compensation in the Acquired Company, which was granted, shall also vest.~~[35]

9.~~7.6~~6.7 Any capital compensation in an Acquired Company can be exercised up until the expiration of a period not exceeding seven years from the date of commencement of its vesting period (hereinafter: the "**Exercise Period**").

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vesting in respect of the Grant that was performed prior to the approval of this Compensation Policy, as aforesaid.

35 ~~Some of the officers of the Company were granted capital compensation in the Company on December 20, 2020 (see the Private Placement Report dated December 6, 2020 (Reference No.: 2020-01-124186) (hereinafter: the "**Private Placement Report**") and also the Report on the Changes in Officers' Holdings, dated December 20, 2020 (Reference No.: 2020-01-130264), which are incorporated herein by way of reference). In accordance with Section 2.A of the Private Placement Report~~For example: in the event that an Investment Transaction is performed during 2022, in respect of which the CEO will be granted Options for Shares in the Acquired Company or Options for Designated Shares in respect of the Basic Annual Grant and the Cumulative Grant (in view of the fact that in 2021, the CEO was not granted the Basic Annual Grant in its entirety), the vesting period of the options that shall be granted in respect of the Basic Annual Grant will commence on January 1, 2022, and yet the vesting period of the options that shall be granted in respect of the Cumulative Grant will commence on January 1, 2021.

~~, the capital compensation that was granted as aforesaid shall vest in stages and in three equal and fixed tranches, over a period of three years, commencing from the Date of the Allocation of Capital Compensation in the Company; accordingly, if, in the course of 2021, an investment transaction was made in respect of which the said officers will be granted Options for Shares in the Acquired Company or Options for Designated Shares (subject to receiving the approvals as required for that purpose), the vesting period of the Capital Compensation in Acquired Companies that will be granted to the officers will commence on the Date of the Allocation of the Capital Compensation in the Company, i.e., on December 20, 2021, and it will vest in stages, in equal annual tranches over an identical period (when the first tranche will vest on December 20, 2021, and so on and so forth, over three years from the date of the Date of the Allocation of the Capital Compensation in the Company).~~

9.~~7.7~~6.8 The exercise price of the Capital Compensation in Acquired Companies shall be the price at which the Company made the preliminary investment (including capital investments and shareholders' loans) in the Acquired Company (hereinafter: the "**Company's Investment Price**"). Notwithstanding the foregoing, should the Acquired Company be a public company whose shares are traded on the Stock Exchange, the exercise price will be the Company's Investment Price or the price of the Acquired Company's share according to the closing price on the last trading day that preceded the date of the completion of the Investment Transaction, whichever is the higher of the two.

9.~~7.~~6.9~~8~~ The mechanism for the exercise of the Capital Compensation in Acquired Companies shall be a cashless option exercise mechanism, unless the Officer opts for exercise for consideration.[36]

9.~~7.9~~6.10 The terms and conditions of the Capital Compensation in Acquired Companies will include adjustments, in keeping with standard practice, to protect the offeree, such as in events of the distribution of a dividend at the Company, the distribution of bonus shares, the issue of rights, a merger, the purchase or sale of assets, a restructuring, the alteration of capital, etc., as well as adjustments in respect of payments that will be received by the Company and that were included in the value of the preliminary investment (such as the repayment of shareholders' loans, the payment of capital notes, the redemption of redeemable securities, etc.).

9.~~7.10~~6.11 The terms and conditions of the Capital Compensation in Acquired Companies will include the full acceleration of the Vesting Periods in cases that arise from a change of control in the Company or in the Acquired Company, from exit events at the Company or at the Acquired Company, such as an issue, merger (including a reverse triangular merger), a transaction for the sale of all or most of the Company's or the Acquired Company's assets, in the event that the Company sells most of its holdings in the Acquired Company (directly or indirectly), or any other event whose outcome shall be similar, in nature, to the aforesaid events.

9.~~7.11~~6.12 In any event of the termination of ~~office~~ employment of an Officer ~~(hereinafter: the "**Termination of Office**")~~, the terms and conditions as set forth below will apply to the Capital Compensation in Acquired Companies which was granted to the relevant Officer:

(a) The day of the ~~Termination~~ termination of ~~Office~~ the employment will be the day on which the advance notice period came to an end, as

[36] In connection with the Options for Designated Shares – upon the vesting of each tranche of the Options for the Designated Shares, the Officer shall be entitled to exercise them into shares of the Acquired Company, and the Company shall transfer to the officer the number of shares of the Acquired Company in the amount of the value of the benefit component, which is derived from the Options for the Designated Shares on the exercise date.

stated in Section 6.2.1 of the Compensation Policy ~~notice of the Termination of Office was received or given~~ (hereinafter: the "**Day of the Termination of ~~Office~~Employment**").

(b) On the Day of the Termination of Employment~~Office~~, all of the Capital Compensation in Acquired Companies whose Vesting Period has not yet ended will expire, and it will be devoid of all validity.

(c) The Options in Acquired Companies and/or the Options for Designated Shares that were allocated and whose Vesting Period has ended by the Day of the Termination of Employment ~~Office~~ will be exercisable by the Officer, by the expiration of the exercise period or up until the expiration of 12 months from the day of the termination of employment, whichever is the earlier of the two dates. For the avoidance of doubt, it is hereby clarified that the 12-month period (which commences on the Day of the Termination of Employment~~Office~~) during which time the Officer is entitled to exercise the Options in Acquired Companies and/or the Options for Designated Shares will not form part of the Vesting Period.

9.~~7.12~~6.13 It should be clarified that the aforesaid provisions will be subject to the making of taxation decisions, should such decisions need to be made, and to the content of such decisions, and they will also be subject to the provisions of the Capital Compensation Plan, if any, and to the provisions of any other relevant law.

9.6.14~~7.13~~ Upon the actual allocation of the Capital Compensation in Acquired Companies, written notice will be given to the Officer with respect to the allocation of the Capital Compensation in the Acquired Company (hereinafter: the "**Allocation Document**"). The Allocation Document will specify, *inter alia*, the terms and conditions of the Capital Compensation in the Acquired Company (for example, the number of options, the exercise price, the vesting period, the expiration date, the tax track that applies to the options, the manner of exercise, transferability, and any other term or condition that is related to the granting of the Capital Compensation in the Acquired Company), provided that the terms and conditions are in accordance with the Company's Compensation Policy and with the applicable law.

9.6.15~~7.14~~ ~~The~~ Insofar as relevant, the Officer will be given the possibility of choosing the taxation track for the Capital Compensation in the Acquired Company, including options that will be held through a trustee pursuant to the provisions of Section 102 of the Ordinance, insofar as practicable. The Officer will sign any declaration or document as required for the purpose of the allocation, including a declaration that he is aware of the provisions of the tax track that is applicable to him and, insofar as required, also that he agrees to what is stated in the Deed of Trust that will be signed between the Company or the Acquired Company and a trustee in connection with the Capital Compensation in the Acquired Company.

9.~~7.15~~6.16 Should there be any tax liability or any other compulsory payment (National Insurance contributions, national health tax, etc.) in respect of and/or following the allocation of the Capital Compensation in the Acquired Companies to an Officer, an exercise into shares, the sale of the underlying shares, the receipt of a dividend or any other benefit in respect of the Capital Compensation in Acquired Companies or the underlying shares, solely the Officer will bear the said charge.

9.~~7.16~~6.17 The terms and conditions of the Capital Compensation in Acquired Companies may include provisions pursuant to which at the time of the exercise in a particular Acquired Company, the exercise amount that will be transferred to the Officer following the exercise will take into consideration the amount of the gross aggregate profit that is attributed to the Company from all of the investments in the Acquired Companies at the time of the exercise. Should amounts remain that were not transferred to the Officer due to the foregoing, these will be kept and transferred to the Officer while taking into consideration the increase in the aggregate profit in the coming years.

9.6.18 Additional provisions with respect to the Options for Designated Shares:

9.6.18.1 It is clarified that up until the exercise date of the Options for the Designated Shares, the Company shall hold the rights attached to the Designated Shares, including the voting rights and any right arising from the Investment Transaction or from the documents of incorporation of the Acquired Company.

9.6.18.2 Subject to the applicable exercise period, as stated above, upon the vesting of each tranche of the Options for the Designated Shares, the Officer shall be entitled to exercise them into shares in the Acquired Company, and the Company shall transfer to the Officer such number of shares in the Acquired Company as per the amount of the value of the benefit component that is derived from the Options for the Designated Shares on the exercise date (in accordance with the exercise price and the cashless exercise mechanism, as set forth in Section 9.6.9 above).

9.6.18.3 The Company shall hold Designated Shares in such number as required for the purpose of a grant to the Officers, in respect of each relevant year, as the case may be, in accordance with the terms and conditions set forth in this Compensation Policy, and in accordance with the resolution of the Compensation Committee and the Board of Directors of the Company with respect to the scope of the grant that was made to the Officers. The foregoing shall not derogate from the Company's ability to sell or otherwise transfer its holdings in the shares of the Acquired Company, provided that in such an event, the provisions in connection with the full acceleration of the vesting periods, as set forth in Section 9.6.11 above, shall apply with respect to the shares which are the subject of the Options for the Designated Shares.

9.6.18.4 It is clarified that the value of the Options for the Designated Shares on the date of the grant thereof shall be included for the purpose of calculating the value of the grant to the Officers in accordance with the terms and conditions determined for them in this Compensation Policy, as the case may be.[37]

10. **Compensation of Directors**

10.1 **Objective**

The Company deems it appropriate to guarantee, for the Company's benefit, appropriate terms of office for directors serving in office at the Company, which are intended to grant the directors security and freedom to act for the Company's benefit in an independent manner. The terms of office shall be in accordance with the law, the Company's Articles and the resolutions of the Company's general meetings, taking into consideration the risks entailed in the Company's activities and the personal responsibility imposed pursuant to law on the actions of the directors. The terms of office of the directors are also intended to give the directors reasonable, appropriate and suitable compensation in respect of the requirements of their position and the time entailed in the performance of their duties, taking into account the complexity of the issues dealt with by the Board of Directors of the Company, which require time, business and financial understanding, qualifications, skill and expertise, taking into consideration the nature of the Company, the scope of its activities and the complexity of its business.

10.2 **The Compensation for the Directors**

[37] The Audit and Compensation Committee shall determine the number of the Options for the Designated Shares that are derived from the value of the Capital Compensation in Acquired Companies on the date of the grant which shall be granted to the Officers (in accordance with the economic model which shall be determined, as stated in Footnote 31 above).

10.2.1 The directors of the Company shall be entitled to annual Compensation and to Compensation for participation, in the maximum amount to which directors of a company with the Company's status are entitled, in accordance with the Compensation Regulations, including taking into consideration the director's classification as an expert director who is entitled to an expertise supplement, and also to any other supplement which shall be due to directors in accordance with the said Regulations or any other law which shall replace and/or amend same from time to time[38].

10.2.2 Furthermore, in addition to the compensation as stated in section 10.2.1 above, and with the objective of strengthening the connection between the directors' compensation and the interests of the Company's shareholders, the Company may, subject to the approvals as required pursuant to law, grant to the directors (including outside directors in accordance with the Remuneration Regulations) Capital Compensation in the Company only, in accordance with the provisions of the Remuneration Regulations and with the Capital Compensation Plan that will be determined by the Company, and in accordance with what is set forth below:

(a) The annual fair value of the capital compensation for directors will not exceed NIS 100,000 per year or 50% of the maximum amount in accordance with the Remuneration Regulations, whichever is the lower of the two said amounts.

(b) It will be possible to allocate Capital Compensation in the Company to the directors each year, for a period of three years, which will vest, in full, at the expiration of one year from the allocation date, and it will be exercisable during a period of one year from the aforesaid vesting date, or, in the alternative, it will be possible to make the allocation in the format of a periodic grant for three years, when the *pro rata* share of the grant will vest each year, and each tranche that has vested will be exercisable during a period of one year from the vesting date. A director who has

[38] The foregoing shall not derogate from a director's right to assign the compensation to which he is entitled, in whole or in part, to a third party (subject to the approvals as required pursuant to law, if any), provided that the Company shall not be required to make any duplicate payments.

completed his term in office will be entitled to the vesting of a *pro rata* share of the capital compensation as of the date of the termination of his office (without full acceleration of the entire allocated quantity).[39]

(c) In the event of allocation of options to the directors, the options will be exercisable at a price that will be not less than the average share price of the Company's share during the 30 Stock Exchange trading days that preceded the resolution of the Company's Board of Directors on the allocation or the Company's share price on the Stock Exchange at the end of the trading day that preceded the date of the allocation, whichever is the higher of the two.

10.2.3 In addition, all the directors (as well as the other officers) shall be entitled to such terms of office as permitted pursuant to law and the Company's Articles, and also to such terms of office as per standard practice at the Company by virtue of the resolutions of the Company's competent organs[40], including the arrangements of letters of indemnity for the Officers of the Company and insurance coverage, as have been and shall be approved according to law.

10.2.4 The directors shall also be entitled to the reimbursement of expenses in connection with the performance of their duties in accordance with the procedure approved by the Board of Directors and in accordance with the Company's Articles.

10.2.5 It shall be clarified that the terms of office of the outside directors shall not exceed that set forth in the law.

11. **Other Issues and Aspects**

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[39] It is clarified that the expiration of a director's term in office and the renewal of the term in office for an additional term shall not be deemed to be the termination of office for the purpose of this section.

[40] Including the resolutions of the ~~general meeting~~ Company dated 21.3.2001, 18.9.2003, 10.9.2007, 8.11.2011, 9.8.2012, 14.7.2015, 8.10.2015, ~~and~~ 27.12.2017, 6.1.2019, 19.2.2019, 27.6.2019, 30.10.2019, 30.1.2020, 14.5.2020, 10.3.2021, 18.4.2021, 29.4.2021, 27.12.2021, 15.3.2022 and 14.4.2022 regarding indemnity, ~~exempt~~ release and insurance arrangements (Immediate Reports dated 14.3.2001, 22.3.2001, 2.9.2003, 21.9.2003, 2.8.2007, 11.9.2007, 2.11.2011, 8.11.2011, 4.7.2012, 9.8.2012, 4.7.2012, 9.8.2012, 28.5.2015, 14.7.2015, 31.8.2015, 8.10.2015, 10.12.2017, 27.12.2017, 13.9.2018, 4.10.2018, 30.1.2019, 19.2.2019, 16.6.2019, ~~and~~ 27.6.2019, 12.9.2019, 30.10.2019, 24.12.2019, 30.1.2020, 26.3.2020, 14.5.2020, 10.3.2021, 24.3.2021, 18.4.2021, 29.4.2021, 21.11.2021, 27.12.2021, 15.3.2022, 27.3.2022 and 14.4.2022). For details regarding the terms of office for directors of the Company as of the date of this Compensation Policy, see also Articles 22 and 29 of Part D (Further Details) of the Periodic Report for 2021, which is incorporated herein by reference.

11.1 The Company's policy is that the Company's Officers (including Officers who are not directors) shall be entitled to such indemnity and insurance arrangements as permitted pursuant to law, the Company's Articles and the resolutions of the competent organs, including the arrangements of letters of indemnity for the Officers of the Company and insurance coverage, as have been and shall be approved at the Company's general meetings[41], in order to guarantee the freedom of action and independence of the Officers, taking into consideration the scope of activities of the Company and the responsibility of the Officers pursuant to law. The said arrangements shall apply in connection with the Officer's office at the Company and/or at the companies held by the Company. In the framework of part of the existing letters of indemnity for incumbent Officers of the Company, an instruction is included according to which the Company releases in advance an officer from his liability for damage caused and/or to be caused in the future by him to the Company as a result of a violation of his duty of care towards the Company. In the framework of the Company's Compensation Policy, the Officers, as aforesaid (including directors), ~~who are serving at the Company as of the date of approving this compensation policy~~ shall continue to be entitled to a letter of indemnity that includes such release provisions, if given to them; h~~. H~~owever, incumbent Officers who were not given a letter of indemnity that contains a release provision and/or new Officers who do not hold a position in the Company as of the date of approving this policy shall be entitled to a letter of indemnity from the Company without the above-mentioned instruction concerning release in advance from liability.

11.2 Officers' insurance

11.2.1 The Compensation Committee may, from time to time, approve the Company's engagements for the purchase of insurance policies for the Officers and directors (including the renewal or extension of existing policies or policies purchased in the future) of any kind with any insurer/s in Israel or abroad, for all the directors and Officers who serve and will serve from time to time in the Company and / or its investee companies, including directors in the engagement in respect of which the controlling shareholder may be considered as having a personal interest, as they may be from time to time, provided that the engagement is at market conditions, will not materially effect the

[41] As stated in footnote ~~13~~40, *supra*.

Company's profitability, assets or liabilities, and consistent with the principles of the framework set out in the Compensation Policy.

11.2.2 Without derogating from the foregoing, insurance policies that will be purchased as aforesaid may include, *inter alia*, joint policies for the Company and for ICL Group Ltd. ("**ICL**") (including policies that contain a joint layer for ICL and for the Company, and a separate layer).

Should such policies be purchased, the Company's share in the liability for payment of the insurance premium between ICL and the Company in the joint layer shall be based on the insurers' assessment at that time.

11.2.3 The terms of all the insurance policies for the Officers of the Company (including the additional policies that will be purchased, if purchased and / or renewed, as stated in this Policy) shall be as follows, and approved by the Compensation Committee:

(1) The cost of the annual insurance premium to be paid by the Company in respect of all insurance policies as well as the amount of the deductible for the Company will be in accordance with the market conditions as of the date of the issuance of the policy. It is clarified that pursuant to the insurance policy, there is no deductible for the officers;

(2) The limits of liability for all cumulative insurance policies in effect will not exceed US $ 200 million per event and per period, plus reasonable legal defense costs beyond the limits of the liability;

11.2.4 In addition and without derogating from the foregoing, the Company will be entitled to engage, from time to time and for any reason whatsoever, in run-off insurance policies with respect to the liability of directors and officers. The limits of liability in the run-off insurance policies, as will be issued from time to time, will not exceed US $200 million per occurrence and per period, plus reasonable legal defense expenses beyond the limits of liability. The cost of the insurance premium that will be paid by the Company in respect of all of the run-off insurance policies and also the amount of the deductible will be in accordance with the market conditions on the date of the issuance of insurance policy.

It should be noted that a deviation of up to 25% of the limits of liability of the said insurance – will not be deemed to be a deviation from the Compensation Policy.

11.2.5 To remove any doubt, it is hereby clarified that nothing in this Policy shall prejudice the validity of existing insurance arrangements and / or approvals obtained by law for engagements in the insurance of Officers prior to the determination of this Policy.

11.3 In the course of formulation of this Compensation Policy, the Compensation Committee and the Board of Directors of the Company examined the ratio between the terms of office and employment of each one of the Officers serving in office at the Company, and the salary of the Company's other employees~~[42]~~, including the ratio to the average salary and to the median salary of such employees[43], and they also examined the said ratio based on the cost of the salary of the Officers as compared with the Company's other employees. Paying heed to the small number of employees at the Company, most of whom are corporate headquarter employees, and paying heed to the nature of the Company as a holding and investment company, the Compensation Committee and the Board of Directors of the Company believe that the said ratios, which they found to be reasonable *per se*[44], are not relevant to the employment relations at the company, and most certainly, they do not have any adverse effect on the employment relations at the Company.

12. **General**

12.1 The Company's engagement in employment agreements with the Officers and/or any grant of compensation to the Officers may be made through the Company directly or through a wholly-owned subsidiary of the Company and with regard to Capital

~~42 As of the present time, no contractor's employees are employed at the Company.~~

43 Without derogating from the foregoing, it shall be noted that the Compensation Committee and the Board of Directors gave consideration to the fact that a comparison to all the terms of office and employment of the Company's other employees is expected to narrow the ratio, and *a fortiori*, it will not have any adverse effect on the employment relations at the Company.

44 For details regarding the ratio between the cost of employment of the Company's incumbent CEO (who assumed office on July 1, 2019) as of the date of the approval of this Policy and the average and median cost of employment of the Company's other employees in accordance with the salary data at the Company for ~~2018~~2021, see Footnote No. 29~~18~~ of the Company's Immediate Report of the Convening of a General Meeting dated ~~June 16, 2019 (Reference No.: 2019-01-059392)~~ June 6, 2022, to which this Compensation Policy is attached as an appendix.

Compensation in an Acquired Company, it may be given through receipt of the Capital Compensation in the Acquired Company directly from the Acquired Company, or from the Company itself.

12.2 The engagement with an Officer in connection with his terms of employment and office may be done with a company wholly controlled by the Officer (*mutatis mutandis*, with the objective of maintaining the equivalent amount of compensation), provided that the engagement will include terms and conditions, to the satisfaction of the Compensation Committee and the Board of Directors of the Company, pursuant to which the undertakings and the services to be provided to the Company shall be performed personally by the Officer.

12.3 The Company's engagement with the Officers may be done for a specified period of time or for an unspecified period of time.

12.4 The Compensation Committee and the Board of Directors of the Company shall examine from time to time the need to update the Compensation Policy in accordance with the circumstances of the matter and subject to the law.

12.5 Subject to the provisions of any law, the Compensation Policy shall not derogate from existing agreements, and it shall not derogate from the terms of office and employment or compensation which had been approved prior to the determination of the Compensation Policy.

12.6 The Compensation Policy contains general principles for the compensation of Officers of the Company as of the date of approval of the Policy, whilst the actual compensation and the terms entailed in the application of the said principles shall be determined by the Compensation Committee and/or the Board of Directors of the Company, in accordance with the purpose thereof and the Company's best interests. The actual compensation, in accordance with the foregoing, shall be submitted for obtaining the requisite approvals.

12.7 Wherever the Compensation Policy determines that the Compensation Committee or the Board of Directors has the authority to approve a particular action, the authority shall be conferred on the Compensation Committee or the Board of Directors (as the case may be) to do so in their discretion, without requiring additional approval (subject to the provisions of mandatory law).

12.8 The amounts paid to the Officers shall be gross, and subject to deduction as required by law.

12.9 It is clarified that the Officers may, in their discretion, waive any compensation component to which they will be entitled, on a one-time basis or for a period, without derogating from their eligibility to the rest of the terms and conditions of office and employment (and without derogating from the Officer's eligibility to receipt of the compensation that he waived).

12.10 Wherever this Policy includes ranges and/or ceilings for compensation and/or various terms of compensation, this does not obligate the Company to provide the compensation in the maximum scope or in such scope which includes the full compensation components specified in this Policy, and the Officer shall have no vested right in connection with the said compensation. It is also clarified that should any Officer be granted compensation which is lower than the compensation described in this Policy (including the determination of restrictions and obligations in connection with the terms of office and employment), this shall not constitute a deviation from the provisions of this Policy. In addition, any modification of the terms of office whose effect on the total annual cost of the relevant officer is not greater than 10% will not constitute a deviation from the provisions of this Compensation Policy (including in the event of a deviation from the ceilings of the components that have been determined in the Compensation Policy).

12.11 In accordance with the provisions of Section 272(d) of the Companies Law, and subject to any law, the Compensation Committee will be entitled to approve changes that are not material in the terms of employment of Officers, in accordance with the provisions of the Compensation Policy. In accordance with the provisions of Regulation 1B3 of the Companies Regulations (Easements in Transactions with Interested Parties) 5760-2000, an immaterial change in the terms of office and employment of an Officer subject to the CEO of the Company shall not require the approval of the Compensation Committee if approved by the CEO of the Company, provided that such terms of office and employment are consistent with the Compensation Policy.

12.12 Wherever the provisions of the law, as will be in effect from time to time, allow the granting of concessions pertaining to the manner of compensation of Officers and/or pertaining to the manner of the proceedings for the approval of compensation for Officers, subject to the approval of the Compensation Committee and the Board of

Directors of the Company, these provisions will apply to the Company and they will form part of this Compensation Policy.

12.13 This Compensation Policy has been drafted in the male gender solely for reasons of convenience, and it refers to males and females alike.

This is an English convenience translation of the original Hebrew version. In case of any discrepancy, the binding version is the Hebrew original

APPENDIX C – VOTING FORM

ISRAEL CORPORATION LTD.

VOTING FORM

In accordance with the Companies Regulations (Voting in Writing and Position Statements), 5765-2005 (hereinafter: the "Voting Regulations")

FIRST PART

1. **Name of the Company**

   Israel Corporation Ltd. (hereinafter: the "**Company**").

2. **Type of the Meeting, the Date and the Venue**

   A special general meeting of the Company's shareholders, that will be held on Wednesday, July 13, 2022, at 10:00 a.m., by using means of communications (in view of the limitations set in order to prevent the spread of COVID-19), whose agenda comprises the passing of the resolutions as set forth below. **Connect to the Meeting using the following number:**
   +972-03-9786688/ Participant's Code No. 84840656175 #.

3. **Details of the Items on the Agenda in respect of which Shareholders can Vote Using a Voting Form**

   3.1 Approval of the updated Compensation Policy for the Company's Officers. For further details on this matter, see Section 2 of the Report Convening the Meeting to which this Voting Form is attached (hereinafter: the "**Report Convening the Meeting**").

   Summary of the Text of the Proposed Resolution: "To approve the updated Compensation Policy for the Company's Officers, as per the draft attached as Appendix A to the Report Convening the Meeting, as stated in the Report Convening the Meeting."

   3.2 Approval of the updated terms of office and employment of Mr. Yoav Doppelt, as the Company's CEO. For further details on this matter, see Section 3 of the Report Convening the Meeting.

   Summary of the Text of the Proposed Resolution: "To approve the terms of office and employment of Mr. Yoav Doppelt, as the Company's CEO, as stated in the Report Convening the Meeting."

   3.3 Approval of the engagement in a settlement agreement in a Petition for the Certification of an Action as a Derivative Action (in the framework of Derivative Action 68729-11-17), the main details of which are set forth in Section 4 of the Report Convening the Meeting.

<u>Summary of the Text of the Proposed Resolution</u>: "To approve the Company's engagement in a settlement agreement in a Petition for the Certification of an Action as a Derivative Action (in the framework of Derivative Action 68729-11-17), the main details of which are set forth in Section 4 of the Report Convening the Meeting (including any modification thereto, as shall be approved by the court)."

4. **<u>Inspection of the Text of the Proposed Resolutions</u>**

The Company's shareholders may inspect the text of the proposed resolutions at the Company's offices, at 23 Aranha St., Millennium Tower, Tel Aviv, by prior arrangement and subject to the limitations set in order to prevent the spread of COVID-19, on Sundays to Thursdays, from 09:00-16:00, on Tel: 03-6844500, and also on the websites of the Israel Securities Authority and the Tel Aviv Stock Exchange Ltd. (hereinafter: the "**Stock Exchange**"), whose addresses are specified in Section 11 below.

5. **<u>The Majority Required to Pass the Resolutions at the Meeting</u>**[1]

5.1 The majority that is required at the Meeting to approve the resolution proposed in Section 3.1 above is a majority of the shareholders who are present at the Meeting, in person or by proxy, provided that one of the following is satisfied: (1) the count of the votes of the majority at the general meeting will include a majority of all the votes of the shareholders who are not controlling shareholders of the Company or entities with a personal interest in the approval of the Compensation Policy, who are participating in the vote; the count of all the votes of the said shareholders will not take into account the votes of the abstaining shareholders; (2) the total of the votes against, from among the shareholders as stated in paragraph (1) above, will not exceed a rate of two percent (2%) of the total voting rights at the Company.

Any entity with a personal interest will be subject to the provisions of Section 276 of the Companies Law, *mutatis mutandis*.

5.2 The majority that is required at the Meeting to approve the resolutions proposed in Sections 3.2 and 3.3 above is a majority of the shareholders who are present at the Meeting, in person or by proxy, provided that one of the following is satisfied: (1) the count of the votes of the majority at the general meeting will include a majority of all the votes of the shareholders who are not controlling shareholders of the Company or entities with a personal interest in the approval of the proposed resolution, who are participating in the vote; the count of all the votes of the said shareholders will not take into account the votes of the abstaining shareholders; (2) the total of the votes against, from among the shareholders as stated in paragraph (1) above, will not exceed a rate of two percent (2%) of the total voting rights at the Company.

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[1] To the best of the Company's knowledge, the Company's shareholding controllers do not hold shares at a rate that would confer on them the majority that is required to pass the resolutions proposed in Sections 3.1, 3.2 and 3.3 on the agenda (Sections 1.1, 1.2 and 1.3 of the Report Convening the Meeting), because, for the purpose of passing the said resolutions, a special majority is required. It should be stated that the Compensation Committee and, subsequently, the Board of Directors, may act to approve the resolutions proposed in Sections 3.1 and 3.2 on the agenda in accordance with the provisions of Sections 267A(c) and 272(c1)(2) of the Companies Law, as the case may be.

Any entity with a personal interest will be subject to the provisions of Section 276 of the Companies Law, *mutatis mutandis*.

6. **Shareholder with a Personal Interest**

In the Second Part of the Voting Form, space is allocated for marking whether the shareholder does or does not have a personal interest, and for a description of the nature of the personal interest. **It should be clarified that if a shareholder fails to mark such a space or if he marks "Yes" but fails to describe the nature of his personal interest in the said resolution, his vote will not be included in the count of the votes.** In addition, as regards the vote of interested parties, senior officers and institutional investors (as these are defined in the Second Part of the Voting Form), space is allocated in the Second Part of the Voting Form for the relevant marking.

7. **Validity of the Voting Form**

7.1 The Voting Form will be valid only if "Confirmation of Ownership" (a power of attorney from the nominee company proving the ownership of the share; hereinafter: "**Confirmation of Ownership**") of the non-registered shareholder (i.e., a shareholder in whose favor shares are registered with a Stock Exchange member and which shares are included amongst the shares registered in the Register of Shareholders, in the name of the nominee company; hereinafter: "**Non-Registered Shareholder**") is attached thereto, or if Confirmation of Ownership was sent to the Company through the Electronic Voting System, as defined below, or a photocopy of an ID card, passport or certificate of incorporation, if the shareholder is registered in the Company's books.

In the alternative, a Non-Registered Shareholder may transfer Confirmation of Ownership to the Company through the Electronic Voting System up until the time of the closing of the Electronic Voting System (i.e., up to six (6) hours prior to the time for the convening of the Meeting).

7.2 The last time for the submission of the voting forms is up to four (4) hours prior to the time of the general meeting. For this purpose, the time of the submission is the time at which the Voting Form and the documents that need to be attached thereto arrived at the Company's offices, whose address is specified in Section 9 below.

8. **Voting Through the Electronic Voting System**

A Non-Registered Shareholder may vote using a voting form that is transmitted to the Company through the Electronic Voting System (as defined below), all in accordance with and subject to the terms and conditions set forth in the Voting Regulations.

After the Record Date (as this term is defined below), upon receipt of an identification number and an access code from the member of the Stock Exchange, and after a process of identification, a Non-Registered Shareholder may vote through the electronic system, which operates pursuant to Article B of Chapter G2 of the Securities Law, 5728-1968 (hereinafter: the "**Electronic Voting System**" and the "**Securities Law,**" respectively). The address of the Electronic Voting System, as construed in Section 44K2 of the Securities Law, is: https://votes.isa.gov.il.

In accordance with and subject to the terms and conditions set forth in the Voting Regulations and the instructions of the Israel Securities Authority in this matter, voting through the Electronic Voting System will be possible for up to six (6) hours prior to the time for the convening of the Meeting or at an earlier time as will be determined by the Israel Securities Authority, provided that it will not exceed 12 hours prior to the time for the convening of the Meeting (hereinafter: the "**System Closing Time**"). It should be clarified that a vote cast through the Electronic Voting System may be modified or cancelled up until the System Closing Time, and it may not be modified through the Electronic Voting System after this time.

If a shareholder voted in more than one of the aforesaid ways, his later vote will be counted, and the vote of a shareholder in person at the Meeting or by proxy will be deemed to be later than a vote using a voting form or a vote using the Electronic Voting System.

9. **The Company's Address for Delivering Voting Forms and Position Statements**

At the Company's offices, at 23 Aranha St., Millennium Tower, Tel Aviv.

10. **The Last Date for Delivering Position Statements, the Last Date for Delivering the Board of Directors' Response to Position Statements and the Record Date for Determining a Shareholder's Eligibility to Participate in and Vote at the Meeting**

10.1 The last date for the submission of position statements is up to ten (10) days prior to the date of the Meeting, and the last date for the submission of the Board of Directors' response to a position statement is up to five (5) days prior to the date of the Meeting.

10.2 The record date for determining the eligibility of a shareholder of the Company to vote at the general meeting, as stated in Section 182(c) of the Companies Law and Section 3 of the Voting Regulations, is at the end of the Stock Exchange trading day of Monday, June 13, 2022, and if no trading is conducted on the Record Date, then on the first trading day prior thereto (hereinafter: the "**Record Date**").

11. **Addresses of the Distribution Site and the Website of the Stock Exchange, Where the Voting Forms and Position Statements are Available**

11.1 The address of the Distribution Site of the Israel Securities Authority is: http://www.magna.isa.gov.il.

11.2 The address of the website of the Tel Aviv Stock Exchange Ltd. is: https://maya.tase.co.il.

12. **Additional Comments, as Required Pursuant to the Voting Regulations**

12.1 A Non-Registered Shareholder may receive the Confirmation of Ownership, as defined in Section 71 of the Companies Law, and as stated in Section 7.1 above, at the branch of the Stock Exchange member or by dispatch by mail, if he so requested, in consideration of mailing costs only. A request in this matter will be given in advance, for a particular securities account. In addition, a Non-Registered Shareholder may instruct that his Confirmation of Ownership be sent to the Company through the Electronic Voting System.

12.2 A Non-Registered Shareholder may receive by email, without charge, a link to the text of the Voting Form and the position statements (if any) on the Distribution Site, from the Stock Exchange member through which he holds his shares, unless he informed the Stock Exchange member that he does not wish to receive such a link or that he wishes to receive voting forms by mail, in consideration of payment. The Non-Registered Shareholder's notice with respect to the voting forms will also apply with respect to the receipt of position statements (if any).

In addition, any shareholder may contact the Company directly to receive from it, without charge, the text of the Voting Form, or, with his consent, a link to the text of the Voting Form on the Distribution Site, and also the position statements that have reached the Company, if any.

12.3 One or more shareholders who hold shares at a rate constituting five percent (5%) or more out of the total voting rights at the Company and also a shareholder who holds such a rate out of all the voting rights which are not held by the controlling shareholder of the Company, as defined in Section 268 of the Companies Law, may, himself or through a representative on his behalf, after the convening of the general meeting, inspect the voting forms and the voting records through the Electronic Voting System, which have reached the Company, as set forth in Regulation 10 of the Voting Regulations.

12.3.1 As of the present date, the number of shares that constitute 5% of the total voting rights at the Company is: 381,307 ordinary shares having a par value of NIS 1.00 each of the Company (excluding treasury shares and rounding up fractions of shares).

12.3.2 As of the present date, the number of shares which constitute 5% of the total voting rights of the Company that are not held by the controlling shareholder of the Company, as defined in Section 268 of the Companies Law, is: 187,761 ordinary shares having a par value of NIS 1.00 each of the Company (excluding treasury shares and rounding up fractions of shares).

12.4 After the date of publication of this Voting Form, there may be changes to the agenda of the Meeting which is the subject of this Voting Form (including the addition of an item to the agenda), and position statements may be published in matters pertaining to this voting form. It will be possible to inspect the up-to-date agenda of the Meeting, as aforesaid, and the position papers, if submitted, in the Company's reports on the Distribution Site.

12.5 An amended voting form, insofar as required, as a consequence of changes to the resolutions on the agenda, will be published by the Company on the Distribution Site concurrently with the publication of the changes to the resolutions, as aforesaid, not later than the dates set forth in Regulation 5B of the Companies Regulations (Notice and Announcement of a General Meeting and a Class Meeting at a Public Company), 5760-2000.

12.6 The shareholder will specify the manner of his voting with respect to the item on the agenda and in respect of which he can vote using this Voting Form, in the Second Part of this Voting Form.

13. **Cancellation of the Voting Form**

A shareholder may, up to twenty four (24) hours prior to the time of the convening of the general meeting, contact the address for the submission of voting forms, as stated in Section 9 above and, after proving his identity to the satisfaction of the Company's Secretary or another employee who has been appointed for this purpose, withdraw the Voting Form and his Confirmation of Ownership.

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This is an English convenience translation of the original Hebrew version. In case of any discrepancy, the binding version is the Hebrew original

APPENDIX B – VOTING FORM

ISRAEL CORPORATION LTD.

VOTING FORM

In accordance with the Companies Regulations (Voting in Writing and Position Statements), 5765-2005 (hereinafter: the "Voting Regulations")

<u>SECOND PART</u>

<u>Part A:</u>

1. **Name of the Company**: Israel Corporation Ltd. (hereinafter: the "**Company**").

2. **Company's Address (for delivering and sending voting forms)**: 23 Aranha St., Millennium Tower, Tel Aviv.

3. **Company's No.**: 52-002801-0.

4. **Date of the Meeting**: Wednesday, July 13, 2022, at 10:00 a.m., and any adjourned meeting.

5. **Type of the Meeting**: A special general meeting.

6. **Record Date:** At the end of the Stock Exchange trading day of Monday, June 13, 2022, and if no trading is conducted on the Record Date, then on the first trading day prior thereto.

<u>Part B (to be completed by the shareholders):</u>

1. **<u>Details of the Shareholder</u>**
   - 1.1 Name of the Shareholder: __________________________.
   - 1.2 ID No.: ____.
   - 1.3 Passport No. (if the shareholder does not possess an Israeli ID card): ________________.
   - 1.4 The country in which the passport was issued (if the shareholder does not possess an Israeli ID card): _______.
   - 1.5 The passport is valid until the date of (if the shareholder does not possess an Israeli ID card): _______.
   - 1.6 Corporation No. (if the shareholder is a corporation): __________________.
   - 1.7 Country of incorporation (if the shareholder is a corporation): ___________.

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2. **Manner of Voting**

Items on the Agenda	**Manner of Voting**[1]			**Are you a controlling shareholder of the Company/ do you have a personal interest in the approval of the resolution?** [2]	
	For	**Against**	**Abstain**	**No**	**Yes***
To approve the updated Compensation Policy for the Company's Officers, as per the draft attached as Appendix A to the Report Convening the Meeting, as stated in the Report Convening the Meeting.					
To approve the terms of office and employment of Mr. Yoav Doppelt, as the Company's CEO, as stated in the Report Convening the Meeting.					
To approve the Company's engagement in a settlement agreement in a Petition for the Certification of an Action as a Derivative Action (in the framework of Derivative Action 68729-11-17), the main details of which are set forth in Section 4 of the Report Convening the Meeting (including any modification thereto, as shall be approved by the court).					

* **Please specify the nature of the relevant connection, as the case may be:**

____
____
____

An interested party, a senior officer or an institutional investor

Are you an interested party, a senior officer or an institutional investor? [Mark]

Are you an interested party[3] in the Company?	Yes	No
Are you a senior officer[4] of the Company?	Yes	No
Are you an institutional investor[5]?	Yes	No

[1] Failure to mark a response will be deemed to be abstaining in the vote on the said matter.
[2] The vote of a shareholder who does not fill in this column, or who marks "Yes" but fails to provide details, will not be included in the count of the votes.
[3] As defined in Section 1 of the Securities Law, 5728-1968.
[4] As defined in Section 37(d) of the Securities Law, 5728-1968.
[5] As defined in Regulation 1 of the Control of Financial Services Regulations (Provident Funds) (Participation by a Management Company in a General Meeting), 5769-2009, and also a Mutual Fund Manager, within the meaning of that term in the Joint Investment Trust Law, 5754-1994.

3. **Comments in Accordance with the Voting Regulations**:

a. With respect to shareholders holding shares through a Stock Exchange member (pursuant to Section 177(1) of the Companies Law) – this Voting Form is valid solely upon the attachment of Confirmation of Ownership, except in cases in which the vote is through the Electronic Voting System.

b. With respect to shareholders registered in the Company's Register of Shareholders – the Voting Form is valid upon the attachment of a photocopy of the ID card/ passport/ certificate of incorporation.

c. This Voting Form shall be delivered to the Company, or it shall be sent by registered mail, so that this Voting Form and the aforesaid documents will be received at the Company's registered office by not later than four hours prior to the time of the convening of the general meeting. A Voting Form that arrives later will not be deemed to be presence at the meeting for the purpose of the constitution of a quorum for voting, and it will not be counted in the vote.

Date: _____________

____
Shareholder's Signature