July 19~~ne 6~~, 2022

To:

The Securities Authority
Through the MAGNA system

The Tel Aviv Stock Exchange Ltd.
Through the MAGNA system

Dear Sir/Madam,

Re: **Immediate Report (Supplemental) 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~~ August 3~~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. Further Details with Respect to the Resolution in Section 1.1 – Approval of the Updated Compensation Policy

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~~ <u>the original</u> Report <u>Convening the Meeting (Reference No.: 2021-01-070144) (hereinafter: the "**Original Report**")</u> and it approved it being brought to the Company's general meeting, as convened herein.[2] <u>Following discussions with the Company's shareholders and their advisory entities, the Compensation Committee and the Board of Directors of the Company approved, on July 18, 2022, additional updates to the Company's updated Compensation Policy which is being brought for the meeting's approval, and all as set forth in the Policy attached, in its clean and marked versions, as **Appendices A and B**, respectively, to this Supplemental Report.</u>

---

[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.

2.1.4 The updated Compensation Policy (including updates that have been made in the course of this Supplemental Report) is attached as **Appendix A** to this Report, and it forms an integral part hereof (hereinafter: the "**Compensation Policy**" or the "**Updated Compensation Policy**"). In addition, attached as Appendix B is a convenience version of the Updated Compensation Policy, in a marked version which includes Tracked Changes, as compared to the Current Compensation Policy, as published in the Original Report, as well as the marking of additional changes (in another, different colour) in accordance with this Supplemental Report.

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 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 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] (including the marking of changes that have been made in this Supplemental Report, as aforesaid (in another, different color than the marking in the Original Report)). **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

---

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 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.

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 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~~based on 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, and additional minimum threshold of neutralized net profit which is not less than US$ 40 million ~~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.

[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.

[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

2.2.3 **Updating in connection with the distribution of the bonus components to the VPs** – the addition of a condition pursuant to which the part of the Target-Based Bonus Component with respect to VPs, which is determined in advance, will not be less than 50% of the amount of the maximum bonus, except in special cases only, in which the Compensation Committee and the Board of Directors will be entitled to determine that the part of the Target-Based Bonus Component with respect to VPs will be less than 50% of the amount of the maximum bonus. For details see Section 7.2.2 of the Compensation Policy.

2.2.~~3~~4 **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).

2.2.~~4~~5 **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

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.

forth in the Compensation Policy.[9] For details, see Section 9.6.6 of the Compensation Policy.

2.2.6~~5~~ **Updating the Salary Ceiling~~s for the Officers~~ and the Ceiling of the Annual Bonus for the VPs only** – 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~~6.1 The monthly salary ceiling~~s~~ – the monthly salary ceiling~~s~~[10] has~~ve~~ 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 will be~~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. It should be noted that after the discussions as stated in Section 2.1.3 above, the monthly salary ceiling for the CEO as stated in the Compensation Policy shall be up to NIS 135,000 (linked)[12], instead of the Company's proposal in the Original Report to increase the salary ceiling to NIS 150,000. For details, see Section 4.4 of the Compensation Policy.

2.2.~~5~~6.2 The ceiling of the annual bonus for the VPs – 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~~7 **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 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

---

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~~ 27 of the Updated Compensation Policy.

10 Which ~~are~~ is 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).~~

12 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).

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~~).~~); the elimination of the possibility of granting restricted shares units and/or restricted shares out of the alternatives for the terms of the capital compensation for the Officers, so that the terms of the capital compensation will include options to shares in the Company and in Acquired Companies (Section 9 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**").[13]

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 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.

[13] 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.

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. As a rule, determining a Target-Based Bonus Component so that it will constitute at least 50% of the amount of the maximum annual bonus for the VPs creates an appropriate link between the variable compensation for the VPs and the Company's targets in the relevant year, unless special circumstances exist.

2.5.~~5~~6 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%.

2.5.7~~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~~7.1 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~~7.2 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.

2.5.7.3 The Compensation Committee and the Board of Directors of the Company believe that capital compensation in the form of options for shares in the Company and in the form of Options for Shares in an Acquired Company and/or Options for the Designated Shares is suitable and appropriate under the circumstances of the matter for compensation for the Officers of the Company.

2.5.~~6~~7.~~3~~4 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~~8 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).

2.5.9~~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.

2.5.10~~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 interest of 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.

2.5.11~~0~~ 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.[14] 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.[15]

---

14 For details, see Section 2.3.2 above. See also Footnote ~~8~~ 13 above.

15 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

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[16] 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.[17]

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.

---

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.

[16] 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.

[17] 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.

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 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.[18]

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**").[19]

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.[20] 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

---

[18] 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.

[19] 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.

[20] 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.

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, the Monthly Salary will be paid to the CEO,[21] 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, as set forth in Section 6.2.1 of the Compensation Policy, 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 Severance Pay/Retirement Pay – 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.[22] 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

---

[21] 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.

[22] 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").

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.

3.10.6 **<u>Annual Bonus</u>** – 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,[23] 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.[24]

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).[25]

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

[23] 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.

[24] See Footnote 8, *supra*.

[25] 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.

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.[26]

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).[27]

3.10.6.5 <u>Exclusion of Exceptional Events</u> – 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~~ <u>9</u> 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.

---

[26] 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.

[27] 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.

3.10.7 **Capital Compensation in New Investments –** In respect of each completion of the Company's engagement in a new investment[28] (hereinafter: "**Investment Transaction**" and the "**Acquired Company**," respectively), the CEO is entitled to receive, without consideration, capital compensation that will consist of option 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

[28] 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.

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**").[29] 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,

---

29 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).

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 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			Total
Name	**Position**	**Scope of position**	**Holding percentage of the Corporation's capital**	**Salary**	**Bonus**	**Share-based payment**	
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.[30]

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[31] out of the total compensation to the CEO will equate to approximately 70%.[32]

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

---

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

[31] 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).

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

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.

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 July 18, 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 and July 18, 2022 – on June 1, 2022 and on July 18, 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.[33]

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.[34] (hereinafter: "**Rotem**"), against the directors of Bazan and against the Company.[35] 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

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

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

[35] 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.

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 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.[36]

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

[36] 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).

the judgment certifying the Settlement Agreement shall become peremptory – according to the following breakdown[37]:

4.2.1.1 The amount of NIS 1.825 million, out of the Settlement Amount, shall be paid by Rotem[38];

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

---

37 VAT will be added to the Settlement Amount, as required by law.

38 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.

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.

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 <u>Summary of the reasons of the Audit Committee and the Board of Directors for approving the engagement in the Settlement Agreement</u>

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).[39]

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~~ August 3~~13~~, 2022, at 10:00 a.m., by

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

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 #.

6. The Majority Required to Pass the Resolutions on the Meeting's Agenda[40]

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

[40] 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.

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.

8. **<u>The Record Date and Proof of Ownership of a Share</u>**

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. **<u>Manner of Voting</u>**

9.1 **<u>Voting By Proxy</u>**

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 **<u>Voting By Voting Form and Sending Position Statements</u>**

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 **<u>Appendix C</u>** 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.~~ <u>July 19, 2022</u>