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

Israel Corporation Ltd.

Registrar's Number: 520028010

Form T460
(Public)

Date of Transmission: 21/11/2021

Reference: 2021-01-168939

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

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

Immediate Report of a Meeting

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

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

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

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

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

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

The cause of postponement or cancellation is ________________.

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

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

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

   The record date for determining the entitlement to participate and vote at the meeting is: *November 28, 2021.*

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

2. On the date of: *November 21, 2021*

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

   that will be held on *Monday, December 27, 2021*, at *10:00* a.m.
   at the address: *At the Company's offices or by using means of communications (in view of the limitations set in order to prevent the spread of COVID). Details in the Report Convening the Meeting.*

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

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

1.
The subject/ the resolution and the details thereof:

It is proposed to approve an amendment to the terms of the capital compensation for Mr. Yoav Doppelt, the Company's CEO, in accordance with the description of the main terms and conditions as set forth in Sections 2 and 3 of the Report Convening the Meeting.

Summary of the Text of the Proposed Resolution: "To approve an amendment to the terms of the capital compensation for Mr. Yoav Doppelt, as the Company's CEO, in accordance with the description of the main terms and conditions as set forth in the Report Convening the Meeting."

Declaration: No suitable field exists for classification.
Note: A value from this table determines the text of the shareholder's declaration in the electronic voting system. For the exchange table, ***please click here.***

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

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

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

Explanation of the section of the Companies Law or of the Securities Law or any other law for the approval of the resolution:
The updating of the terms and conditions of office and employment of the CEO, in deviation from the Compensation Policy, in accordance with Section 272(c1)(2) of the Companies Law.

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

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

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

Are you a controlling shareholder or do you have a personal interest in the approval of this resolution?

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

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

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

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

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

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

This resolution on the agenda is put to *a vote*.

The majority required for approval is *not a simple majority* *as specified in the attached report.*

Will the controlling shareholders' holding percentage confer on the controlling shareholder the required majority to pass the proposed resolution? *No.*

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

It is proposed to approve an amendment to the terms of the capital compensation in the Company's Compensation Policy, as per the draft of the amendment attached to this Report as Appendix A, as set forth in Sections 2 and 4 of the Report Convening the Meeting.

Summary of the Text of the Proposed Resolution: "To approve an amendment to the terms of the capital compensation in the Company's Compensation Policy, as per the draft attached as Appendix A to the Report Convening the Meeting, as set forth in the Report Convening the Meeting."

Declaration: No suitable field exists for classification.
Note: A value from this table determines the text of the shareholder's declaration in the electronic voting system. For the exchange table, ***please click here***.

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

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

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

Explanation of the section of the Companies Law or of the Securities Law or any other law for the approval of the resolution:
The updating of the Compensation Policy, in accordance with Section 267A of the Companies

Law.

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

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

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

Are you a controlling shareholder or do you have a personal interest in the approval of this resolution?

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

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

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

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

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

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

This resolution on the agenda is put to *a vote*.

The majority required for approval is *not a simple majority as specified in the attached report.* Will the controlling shareholders' holding percentage confer on the controlling shareholder the required majority to pass the proposed resolution? *No.*

The Report Convening the Meeting is attached herewith: ***זימוןאסיפה.isa.pdf***

4. Attached herewith is/are:

4.1 A file that contains the text of the Voting Form/Position Statement: The file name is:
נספחב-כתבהצבעה.isa.pdf

Yes The text of the Voting Form
No Position Statements

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

4.2 A file that contains declarations of the candidates / other related documents:
נספחאסעיף9למדיניותהתגמול.isa.pdf

_ *No* __ The declaration of the candidate to serve as a director of the corporation
_ *No* __ The declaration of an independent director
_ *No* __ The declaration of an external director
______ The declaration of the appointment of a representative to the board of representatives
______ An amended deed of trust
______ A request for the approval of a creditors' arrangement pursuant to Section 350
______ Other__________

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

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

5. The quorum for holding of the Meeting:
See attached report.

6. ☑ In the absence of a quorum, the adjourned meeting shall be held on *January 3, 2022,* at *10:00 a.m,.* at the address: *At the Company's offices or by using means of communications (in view of the limitations set in order to prevent the spread of COVID). Details in the Report Convening the Meeting.*

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

7. The place and the times where it shall be possible to inspect any proposed resolution whose text has not been presented in full in the details of the agenda, above, is:
At the offices of Israel Corporation Ltd., 23 Aranha St., Millennium Tower, Tel Aviv, by prior arrangement and subject to the limitations set in order to prevent the spread of COVID, on Sundays through Thursdays, between 9:00 a.m. - 4:00 p.m., by prior arrangement on Phone number: 03-6844500.

General Meeting Reference No.: __________

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

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

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

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

The name of the authorized signatory to the report and the name of the authorized electronic signatory: Maya Alcheh-Kaplan
Position: Vice President, General Counsel & Company Secretary
Date of signature: November 21, 2021.

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

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

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

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

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

November 21, 2021

To:

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

Dear Sir/Madam,

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

An immediate report is hereby given in accordance with the Companies Law, 5759-1999 (hereinafter: the "**Companies Law**"), the Securities Regulations (Immediate and Periodic Reports) 5730-1970 (hereinafter: the "**Reporting Regulations**"), the Companies Regulations (Notice and Announcement of a General Meeting and a Class Meeting at a Public Company and the Addition of an Item to the Agenda), 5760-2000, and the Companies Regulations (Voting in Writing and Position Statements), 5766-2005, (hereinafter: the "**Voting 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 Monday, December 27, 2021, at 10:00 a.m., at the Company's offices or by using means of communications as stated in Section 5 of this Report (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 Amendment to the Terms of the Capital Compensation for the Company's CEO

It is proposed to approve an amendment to the terms of the capital compensation for Mr. Yoav Doppelt, the Company's CEO, in accordance with the description of the main terms and conditions as set forth in Sections 2 and 3 of the Report Convening the Meeting.[1]

Summary of the Text of the Proposed Resolution: "To approve an amendment to the terms of the capital compensation for Mr. Yoav Doppelt, as the Company's CEO, in accordance with the description of the main terms and conditions as set forth in the Report Convening the Meeting."

1.2 Amendment to the Terms of the Capital Compensation in the Company's Compensation Policy

It is proposed to approve an amendment to the terms of the capital compensation in the Company's Compensation Policy, as per the draft of the

[1] It is clarified that except as stated in this Report below, the rest of the terms of office of the Company's CEO shall not be modified.

amendment attached to this Report as **Appendix A**, as set forth in Sections 2 and 4 of the Report Convening the Meeting.[2]

Summary of the Text of the Proposed Resolution: "To approve an amendment to the terms of the capital compensation in the Company's Compensation Policy, as per the draft attached as Appendix A to the Report Convening the Meeting, as set forth in the Report Convening the Meeting."

2. **General Background for the Resolutions on the Agenda**

2.1 In accordance with the business strategy approved by the Board of Directors of the Company in 2019, it was decided that the Company would strive to maximize shareholder value, *inter alia*, also from new investments. Subsequently, and in order to align the officers' incentives with the aforesaid business strategy, a capital compensation mechanism was determined in the framework of the terms of office of the Company's officers, which is derived from making new investments and increasing the value of the Acquired Companies (as this term is defined below), by way of the allocation by the Acquired Companies of option warrants convertible into shares of the Acquired Companies.

2.2 Nevertheless, in actual fact, it is likely that there will be investment transactions in which Options for Shares in the Acquired Company cannot be allocated by the Acquired Company, as a consequence of various factors related to the Acquired Company and/or the transaction to invest therein. Thus, in the transaction to invest in AKVA Group ASA (hereinafter: "**AKVA**"), which was completed on October 21, 2021 (see Immediate Reports dated September 29, 2021 and October 19, 2021 and October 21, 2021, Reference Nos.: 2021-01-148863, 2021-01-157413 and 2021-01-158889, incorporated herein by reference) (hereinafter: the "**AKVA Transaction**"), the grant of options by AKVA is not possible.

2.3 In view of the foregoing and in order to align the terms of the capital compensation in the Acquired Companies with the aforesaid circumstances, on November 16 and 17, 2021, the Audit and Compensation Committee and the Board of Directors of the Company (respectively) approved an amendment to the CEO's Terms of Office (as defined below) and an amendment to the Company's Compensation Policy, in connection with the capital compensation in Acquired Companies, so that it will be possible to grant options, without consideration, for the purchase of shares in the Acquired Companies, out of those shares of each Acquired Company which the Company will purchase in the Investment Transaction, in accordance with the principles of the capital compensation as set forth in the CEO's Terms of Office and in the Company's Compensation Policy, with such adjustments as required and in accordance with the main terms as set forth in Sections 3 and 4 below.

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[2] It is clarified that except as stated in this Report below, the rest of the provisions of the Company's Compensation Policy shall not be modified. It is further clarified that the proposed amendment will not give rise to the extension of the validity of the Company's Compensation Policy from the date of the approval thereof on October 29, 2019.

In addition, updates were approved to the manner of counting the vesting periods and the exercise of the capital compensation in the Acquired Companies, in accordance with the main terms as set forth in Sections 3 and 4 below.

It is clarified that no modification whatsoever is sought to the amounts of the capital compensation or other amounts, as approved at the Company's Shareholders' Meeting on June 27, 2019.

2.4 The adjustment of the capital compensation as proposed is intended so as to apply the current incentive structure to officers also under circumstances in which the allocation by the Acquired Company of options convertible into shares is not possible, in a format that strives to resemble the current format of the capital incentives, and in accordance with the modifications and adjustments as set forth below, and also in order to apply the said incentive structure under circumstances in which a delay is caused in the making of investment transactions, *inter alia*, in view of the period of time that is necessary for the purpose of identifying and examining investments that are appropriate, in the Company's opinion, in order to implement its strategy, and all as set forth below.

3. **Further Details with Respect to the Resolution in Section 1.1 on the Agenda – The Amendment to the Terms of the Capital Compensation for the Company's CEO**

3.1 On June 27, 2019, the meeting approved the terms of office and employment of the Company's CEO, Mr. Yoav Doppelt.[3] The CEO's Terms of Office include, *inter alia*, the granting of capital compensation in new investments, so that in respect of each completion of the Company's engagement in a new investment (hereinafter: the "**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, which shall be allocated by the Acquired Company (see Section 2.6.2 of the Report Approving the CEO's Terms of Office), in an automatic manner and without additional approvals being required from the Company's organs, and in accordance with the terms and conditions set forth in Section 2.6 of the Report Approving the CEO's Terms of Office[4] (hereinafter: the "**Options for Shares in the Acquired Company**"). As aforesaid, the capital compensation in Acquired Companies is intended to incentivize the Company's CEO to act to maximize the value for the Company from the making of investments in accordance with the business strategy approved by the Board of Directors of the

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[3] For details regarding the terms of office of the Company's CEO, see the Report Convening a Meeting dated June 16, 2019, for the approval of the CEO's terms of office, while deviating from the Company's Compensation Policy, and an Immediate Report on the results of the meeting dated June 27, 2019 (Reference Nos.: 2019-01-059392 and 2019-01-064945, respectively), which are incorporated herein by reference (hereinafter: the "**CEO's Terms of Office**" and the "**Report Approving the CEO's Terms of Office**," as the case may be). For further details regarding the terms of office and employment of the Company's CEO, see the Chapter of Additional Details to the Company's Periodic Report for 2020, dated March 18, 2021 (Reference No.: 2021-01-039084), which is incorporated herein by reference.

[4] See Section 2.6 (and its subsections) of the Report Approving the CEO's Terms of Office.

Company; and, in accordance with the terms of office as approved, the Acquired Company is required to allocate, to the CEO, Options for Shares in the Acquired Company in the framework of the Investment Transaction or shortly thereafter.

3.2 As stated above, the Compensation Committee and the Board of Directors of the Company approved an amendment to the CEO's Terms of Office, so that the CEO will be entitled to the granting of options by the Company to purchase shares of the Acquired Company, with respect to that part of the shares of the Acquired Company that will be purchased by the Company (in cases in which Options for Shares in the Acquired Company are not allocated by the Acquired Company), in accordance with the main terms and conditions as set forth below. In addition, the Compensation Committee and the Board of Directors of the Company approved modifications with respect to the counting of the vesting period and the exercise period of the capital compensation for the CEO in Acquired Companies, as set forth below. These amendments were approved after the Audit and Compensation Committee and the Board of Directors of the Company weighed up the considerations and the provisions as required pursuant to the Companies Law, and approved the amendment of the terms and conditions, as aforesaid, in deviation from the Company's Compensation Policy, and resolved that the said amendment be brought to the Meeting hereby convened. It should be noted that subject to the approval of the proposed amendment as aforesaid, the CEO of the Company will be entitled to the granting of options for shares of AKVA, in respect of the completion of the AKVA Transaction (see Immediate Reports as set forth in Section 2.2 above), in accordance with the terms and conditions as stated in this Report. In connection with and for the purpose of the foregoing, the Company is expected to set aside a certain number of AKVA shares, out of the AKVA shares that were purchased by the Company, in a scope that is derived from the economic value of the granting of the capital compensation in the Acquired Company, as stated in this Report, for all of the officers who are entitled or who may be entitled to such compensation.

3.3 Accordingly, it is proposed to amend and to add to the CEO's Terms of Office that 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 from the Company, upon the completion of the Investment Transaction or shortly thereafter, options to purchase shares in the Acquired Company, according to the annual grant value (including the aggregate grant) for the calendar year in which the investment was made, according to the exercise price and in accordance with the rest of the terms and conditions of the capital compensation in Acquired Companies, as set forth in the Report Approving the CEO's Terms of Office, with such modifications and adjustments as required, and as set forth below.

3.4 In such cases, the Company shall grant to the CEO, without consideration, options from the Company to purchase shares in the Acquired Company (with respect to the number of shares out of those shares of the Acquired Company that will be purchased by the Company, hereinafter: the

"**Designated Shares**")), as soon as possible after the completion of the Investment Transaction, in an automatic manner and without additional approvals being required from the Company's organs, and in accordance with the main terms and conditions as set forth below (hereinafter: the "**Options for the Designated Shares**")[5]:

3.4.1 The Options for the Designated Shares shall be subject to the terms and conditions of the capital compensation for the CEO in Acquired Companies, as set forth, *inter alia*, in the Report Approving the CEO's Terms of Office (including, but not limited to, the division into equal and fixed tranches, the exercise price, acceleration events, adjustment events in the securities of the Acquired Company, and the terms and conditions upon the termination of office[6]), with such modifications and adjustments as required, including the modifications as will be set forth below, and the Options for the Designated Shares, that will be given by the Company with respect to the Designated Shares, shall be deemed to be coming in under the definition of "the Capital Compensation" in Section 2.6 of the Report Approving the CEO's Terms of Office, in accordance with that stated and subject to the modifications as will be set forth below.

3.4.2 The provisions of Section 2.6.6 of the Report Approving the CEO's Terms of Office with respect to the vesting period of the capital compensation, commencing from the date of the grant, shall be replaced by the provision as set forth below with respect to the vesting period of the capital compensation (both with regard to the Options for Shares in the Acquired Companies and also with regard to the Options for the Designated Shares):

> "The capital compensation shall vest in stages and in three equal and fixed tranches, over a period of three calendar years, commencing from January 1st of the year in respect of which the capital compensation is being given to the CEO in respect of the completion of an investment transaction, in such a manner that on every subsequent January 1st, 1/3 (one third) of the amount that was granted in respect of the previous year shall vest. It is clarified that the foregoing is also applicable with respect to a year in which the "Aggregate Grant" was accumulated alongside the "Basic Annual Grant" (as these terms are defined in Sections 2.6.4 and 2.6.5 of the Report Approving the CEO's Terms of Office), so that if the CEO is entitled to capital compensation also in respect of an Aggregate Grant, the vesting period of the capital compensation granted in respect of the Aggregate Grant shall commence on January 1st of the year preceding the year in which the investment transaction was made, together with the vesting period of the capital compensation granted in respect of the Basic Annual Grant, which will commence on January

[5] It is clarified that unless otherwise stated in this Report, the CEO's current Terms of Office shall continue to apply, including in connection with the capital compensation and the granting of Options for Shares in the Acquired Company.

[6] And including the provisions of Section 9.7.3 of the Company's Compensation Policy.

1st of each year in which the investment transaction was made.[7]

It is clarified that if a grant is not made to the CEO of the entirety of the number of the Options for Shares in the Acquired Companies or the Options for Designated Shares, to which he is entitled, either in respect of the Basic Annual Grant or in respect of the Aggregate Grant, for any reason whatsoever, the date of commencement of the vesting period for this ungranted quantity (i.e., January 1 of the year in respect of which the grant is given) shall remain as this date would have been, had a grant been made in respect thereof."

3.4.3 The provisions of Section 2.6.7 of the Report Approving the CEO's Terms of Office with respect to the exercise period commencing from the date of the grant, shall be replaced by the provision as set forth below with respect to the exercise period (with respect to the Options for Shares in the Acquired Companies as well as the Options for Designated Shares):

"All of the capital compensation can be exercised up until the expiration of a period not exceeding seven years from the date of commencement of the vesting period of the said capital compensation (hereinafter: the "**Exercise Period**")."

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

3.4.5 Subject to the applicable Exercise Period as stated above, upon the vesting of each tranche of the Options for Designated Shares, the CEO shall be entitled to exercise them into shares of the Acquired Company, and the Company shall transfer to the CEO the number of shares of the Acquired Company in the amount of the value of the benefit component, which is derived from the Options for the Designated Shares on the exercise date (in accordance with the

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[7] For example: in the event that during 2021, an investment transaction was made in respect of which Options for Shares in the Acquired Company or Options for Designated Shares are granted to the CEO, in respect of the Basic Annual Grant and the Aggregate Grant, the vesting period of the options that will be granted in respect of the Basic Annual Grant shall commence effective from January 1, 2021, and, in parallel, the vesting period of the options that will be granted in respect of the Aggregate Grant shall commence effective from January 1, 2021; accordingly, with respect to the AKVA Transaction, in respect of which the CEO will be entitled to Options to Designated Shares, as aforesaid, including in respect of the Aggregate Grant from 2020, given that in 2020, no Investment Transaction was made: the vesting periods of the Options for Designated Shares in respect of the Aggregate Grant from 2020 shall commence on January 1, 2020, January 1, 2021 and January 1, 2022 (one third on each one of the said dates, so that the first tranche vested on January 1, 2021, and the remaining tranches will vest on January 1, 2022 and January 1, 2023). In addition, the vesting periods of the Options for Designated Shares in respect of the Basic Annual Grant of 2021 shall commence on January 1, 2021, January 1, 2022 and January 1, 2023 (one third on each one of the said dates, so that these tranches will vest on January 1, 2022, January 1, 2023 and January 1, 2024).

exercise price and the cashless exercise mechanism as set forth in Section 2.6 of the Report Approving the CEO's Terms of Office).

3.4.6 The Company shall hold Designated Shares in such number as required for the purpose of making a grant to the CEO in the amount of the Basic Annual Grant in respect of each relevant year and/or the Aggregate Grant (as these terms are defined in Section 2.6.4 and 2.6.5 of the Report Approving the CEO's Terms of Office), as the case may be (including pursuant to Section 3.4.7 below, insofar as necessary). The foregoing does not derogate from the Company's ability to sell or otherwise transfer its holdings in the shares of the Acquired Company, provided that in such an event, the provisions in connection with the full acceleration of the vesting periods, as set forth in Section 2.6.11 of the Report Approving the CEO's Terms of Office, shall apply with respect to the shares that are the subject of the Options for the Designated Shares.

3.4.7 The condition for the granting of the capital compensation as set forth in Section 2.6.1 of the Report Approving the CEO's Terms of Office shall be replaced, in its entirety, with the following text, which will include a reference to the Options for the Designated Shares and adjustments to the allocation date:

3.4.7.1 "The threshold condition for the granting of the capital compensation is the CEO's undertaking that an amount equal to 23% of the amount of the last annual grant that was paid to the CEO (if any) will be given, by way of the allocation of Options for Shares in the Acquired Company (from the Acquired Company) or of Options for Designated Shares from the Company, as the case may be, with respect to an Acquired Company in which the investment transaction was made in the year in respect of which the grant was given, insofar as an investment transaction was made."[8]

3.4.7.2 If, in any calendar year in respect of which the grant is given, no Basic Annual Grant was granted for that year (as this term is defined in the Report Approving the CEO's

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[8] A *pro rata* share, as aforesaid, will be granted (a) in Options for Shares in the Acquired Company (from the Acquired Company); or (b) if it is not possible to receive from the Acquired Company Options for Shares in the Acquired Company, then in Options for Designated Shares from the Company – in the year in respect of which the grant is given, in accordance with the value thereof on the date of the grant. The allocation of the capital compensation in respect of the aforesaid threshold condition will be done on the date of completion of the Investment Transaction or shortly thereafter (together with and in addition to the allocation in respect of the capital compensation in respect of the said Investment Transaction), in such scope as required for the purpose of the CEO's investment, as stated in this section, in accordance with the amount of the last annual grant that was paid to the CEO prior to the date of the Investment Transaction, when this amount will be offset from the next subsequent grant to which the CEO will be entitled (in the event of the termination of his office (as this term is defined in the Report Approving the CEO's Terms of Office), the said amount will be deducted from the amounts to which the CEO is entitled in respect of termination of his office).The Options for Shares in the Acquired Company and/or the Options for Designated Shares in respect of the *pro rata* share out of the annual grant will be subject to the terms and conditions as set forth in the Report Approving the CEO's Terms of Office and in this Report, as the case may be.

Terms of Office) in full, the percentage of the annual grant that the CEO will invest and that will be given as capital compensation as stated above, will be reduced in accordance with the rate of the capital compensation that was actually granted out of the Basic Annual Grant (as this term is defined in the Report Approving the CEO's Terms of Office).

Notwithstanding the foregoing, if, in the same year, a certain amount has already been given on account of this undertaking by the CEO (in Options for Shares in the Acquired Company, from the Acquired Company, or in Options for Designated Shares, from the Company, as the case may be), the said amount shall be deducted from the CEO's undertaking, as aforesaid, so that in any event, no amount will be given that is higher than 23% of the annual grant in any year by way of such capital compensation."

3.4.8 It is clarified that the value of the Options for the Designated Shares on the date of the grant thereof will be included for the purpose of the calculation of the value of the Basic Annual Grant and the Aggregate Grant, as these terms are defined in the Report Approving the CEO's Terms of Office.[9] It is further clarified that the CEO will be entitled to one grant only of capital compensation in each Acquired Company (of the Options for Shares in the Acquired Company, from the Acquired Company, or of the Options for Designated Shares), in addition to and without derogating from the provisions of Section 3.4.5 above.

3.5 For further details regarding the terms of office and employment of the Company's CEO, see the Chapter of Additional Details to the Company's Periodic Report for 2020, dated March 18, 2021 (Reference No.: 2021-01-039084), which is incorporated herein by reference.

3.6 For the main reasons of the Company's Audit and Compensation Committee and the Board of Directors for approving the proposed amendment to the CEO's Terms of Office, see Section 4.6 below.

4. **Further Details with Respect to the Resolution in Section 1.2 on the Agenda – Amendment to the Terms of the Capital Compensation in the Company's Compensation Policy**

4.1 On September 27, 2019, the Company approved the Company's current Compensation Policy.[10] *Inter alia*, it was determined that subject to the

[9] Subject to the Meeting's approval of a resolution to amend the terms of the CEO's capital compensation that is the subject of Section 1.1 of this Report, the Audit and Compensation Committee will determine the number of Options for the Designated Shares, which are derived from the value of the capital compensation in Acquired Companies on 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 Section 2.6.4 of the Report Approving the CEO's Terms of Office).

[10] See the Compensation Policy that was attached to the Report Convening a Meeting dated September 12, 2019, for the approval of the Company's Compensation Policy (Reference No.: 2019-01-095503), as amended on January 30, 2020 and April 18, 2021 and April 29, 2021 (see the Reports

making of Investment Transactions, the Company's officers would be granted capital compensation in Acquired Companies, by way of the allocation of Options for Shares in the Acquired Companies,[11] which would be allocated by the Acquired Company (see Section 9.7.1 of the Current Compensation Policy). As aforesaid, the capital compensation in the Acquired Companies is intended to incentivize the Company's officers to act to maximize the value for the Company from the making of investments in accordance with the business strategy approved by the Board of Directors of the Company.

4.2 As stated above, the Compensation Committee and the Board of Directors of the Company approved an amendment to the terms of the Compensation Policy, so that the granting of options by the Company to purchase shares in the Acquired Company will be possible with respect to a designated number of shares in the Acquired Company that will be purchased by the Company (in lieu of the allocation of options by the Acquired Company) and also, the Compensation Committee and the Board of Directors of the Company approved a modification with respect to the counting of the vesting period and the exercise period of the capital compensation in Acquired Companies, for the officers, as stated below, and all in accordance with the main terms and conditions as set forth below and as per the text of the relevant section of the Compensation Policy attached herewith as **Appendix A** to this Report. This is being done after the Audit and Compensation Committee and the Board of Directors of the Company weighed up the considerations and the provisions as required pursuant to the Companies Law, and approved the amendment of the Current Compensation Policy, and resolved that the said amendment be brought to the Meeting hereby convened.

<u>The main modifications that will be made to the Compensation Policy following the proposed amendment</u>

4.3 It is proposed to amend and to add to the terms of the capital compensation in Acquired Companies (as defined in Section 9.3 of the Current Compensation Policy) that in cases in which, in the framework of an Investment Transaction, it is not possible, for any reason whatsoever, for the Acquired Company to grant Options for Shares in the Acquired Company, to the Company's officers upon the completion of the Investment Transaction, the officers may be entitled to receive from the Company, upon the completion of the Investment Transaction or shortly thereafter, options to purchase Designated Shares (as defined below), in accordance with the terms of the capital compensation in Acquired Companies, as set forth in the Current Compensation Policy, with such modifications and adjustments as required, and upon the terms and conditions as set forth below (and see Appendix A attached to the Report).

4.4 In such cases, the Company may grant to the officer, without consideration, options from the Company to purchase shares in the Acquired Company (with respect to Designated Shares that will be purchased by the Company in

Convening a Meeting dated December 24, 2019, March 10, 2021 and March 24, 2021 (Reference Nos.: 2019-01-113343, 2021-01-031161 and 2021-01-044040, respectively), which are incorporated herein by reference (hereinafter: the "**Current Compensation Policy**").

[11] See Section 9 of the Current Compensation Policy.

the Acquired Company) (hereinafter: the "**Options for Designated Shares**"), in accordance with the main terms and conditions as set forth below:

4.4.1 The Options for the Designated Shares shall be subject to the principles of the Capital Compensation in Acquired Companies, as set forth in Section 9 of the Current Compensation Policy (including, but not limited to, the division into equal and fixed tranches, the exercise price, acceleration events, adjustment events in the securities of the Acquired Company, and the terms and conditions upon the termination of office), with such modifications and adjustments as required, including the modifications as will be set forth below, and the Options for the Designated Shares, that will be given by the Company with respect to the shares of the Acquired Companies, shall be deemed to be coming in under the definition of "the Capital Compensation in Acquired Companies" in Section 9.3 of the Current Compensation Policy, in accordance with that stated and subject to the modifications as will be set forth below.

4.4.2 The provisions of Section 9.7.5 of the Current Compensation Policy with respect to the vesting period of the Capital Compensation in an Acquired Company, commencing from the date of the allocation, shall be replaced by the provision as set forth below with respect to the vesting period of the capital compensation (both with regard to the Options for Shares in the Acquired Companies and also with respect to the Options for the Designated Shares):

> "The Capital Compensation in Acquired Companies shall vest in stages and in three equal and fixed tranches, over a period of three years, commencing from the last date of the allocation of the capital compensation in the Company [as this term is defined in the Current Compensation Policy], which was granted to any officer, prior to the granting of the Capital Compensation in the Acquired Company (hereinafter: the "**Date of the Allocation of Capital Compensation in the Company**"), in such a manner that at the expiration of each subsequent year after the last Date of the Allocation of Capital Compensation in the Company that was granted to the officer, 1/3 (one third) of the amount of the Capital Compensation in the Acquired Company, which was granted, shall also vest.[12]

[12] Some of the officers of the Company were granted capital compensation in the Company on December 20, 2020 (see the Private Placement Report dated December 6, 2020 (Reference No.: 2020-01-124186) (hereinafter: the "**Private Placement Report**") and also the Report on the Changes in Officers' Holdings, dated December 20, 2020 (Reference No.: 2020-01-130264), which are incorporated herein by way of reference). In accordance with Section 2.A of the Private Placement Report, the capital compensation that was granted as aforesaid shall vest in stages and in three equal and fixed tranches, over a period of three years, commencing from the Date of the Allocation of Capital Compensation in the Company; accordingly, if, in the course of 2021, an investment transaction was made in respect of which the said officers will be granted Options for Shares in the Acquired Company or Options for Designated Shares (subject to receiving the approvals as required for that purpose), the vesting period of the Capital Compensation in Acquired Companies that will be granted to the officers will commence on the Date of the Allocation of the Capital Compensation in the Company, i.e., on December 20, 2021, and it will vest in stages, in equal annual tranches over an

4.4.3 The provisions of Section 9.7.6 of the Current Compensation Policy with respect to the Exercise Period that applies from the date of the grant shall be replaced by the provision as set forth below with respect to the Exercise Period (both with regard to the Options for Shares in the Acquired Companies and also with respect to the Options for the Designated Shares):

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

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

4.4.5 Subject to the applicable Exercise Period as stated above, upon the vesting of each tranche of the Options for the Designated Shares, the officer shall be entitled to exercise them into shares of the Acquired Company, and the Company shall transfer to the officer the number of shares of the Acquired Company in the amount of the value of the benefit component, which is derived from the Options for the Designated Shares on the exercise date (in accordance with the exercise price and the cashless exercise mechanism as set forth in Section 9 of the Current Compensation Policy).

4.4.6 The Company shall hold Designated Shares in such number as required for the purpose of making a grant to the officers who may be entitled to Capital Compensation in Acquired Companies, in accordance with the Current Compensation Policy, in the amount of the fair value ceiling at Acquired Companies (as this term is defined in Section 9.4 of the Current Compensation Policy) with respect to each such officer. The foregoing shall not derogate from the Company's ability to sell or otherwise transfer its holdings in the shares of the Acquired Company, provided that in such an event, the provisions in connection with the full acceleration of the vesting periods, as set forth in Section 9.7.10 of the Current Compensation Policy, shall apply with respect to the shares that are the subject of the Options for the Designated Shares.

4.4.7 Without derogating from the foregoing or from the other terms and conditions that apply in accordance with the Current Compensation Policy, it is clarified that the value of the Options for the Designated Shares that will be granted shall be included for the purpose of the calculation of the fair value ceiling at Acquired Companies (as this term is defined in Section 9.4 of the Current Compensation Policy). It

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identical period (when the first tranche will vest on December 20, 2021, and so on and so forth, over three years from the date of the Date of the Allocation of the Capital Compensation in the Company).

is further clarified that the said officers may be entitled to one grant only of capital compensation with respect to each Acquired Company (of the Options for Shares in the Acquired Company or of the Options for Designated Shares).

4.5 For further details regarding the manner of implementation of the Compensation Policy and also regarding agreements that are not in accordance with the Compensation Policy, see Sections 2.3 and 2.4 of the Report Convening a Meeting of the Shareholders of the Company to Approve the Compensation Policy, dated September 12, 2019 (Reference No.: 2019-01-095503), which is incorporated herein by reference.

4.6 The main reasons of the Company's Audit and Compensation Committee and the Board of Directors:

After examining the considerations as required pursuant to the Companies Law, the Company's Audit and Compensation Committee and the Board of Directors approved the amendment to the CEO's Terms of Office and the amendment to the text of the Compensation Policy, as set forth in **Appendix A** to the Report, and they found that the amendments are in the Company's best interests and that they are reasonable under the circumstances of the matter, based on the main reasons as set forth below:

4.6.1 A significant part of the compensation of the Company's officers is based on variable compensation, which is not insured. Basing a significant part of the compensation on variable compensation, which is dependent on performance and dependent on making new investments and improving them, is coherent with the Company's policy and strategy, and it is also aligned with the Company's interests in maximizing the value of the Company's investments (current and new), and all from a long-term perspective and in accordance with the Company's success.

4.6.2 The adjustment of the capital variable compensation at Acquired Companies in accordance with the proposed amendment, which allows the allocation of Options for Designated Shares, is intended to be as consistent as possible with the capital compensation in Acquired Companies, which was approved by the Company's Shareholders' Meetings, for cases in which the granting of Options for Shares of the Acquired Company, by the Acquired Company, is not possible.

4.6.3 The exercise price of the Options for Designated Shares is determined according to the Company's investment price (as defined in the Current Compensation Policy),[13] so as to ensure that the officer may benefit from the value of the benefit inherent in an actual increase of the price of the Designated Shares, only in the case of the betterment of the said investments. In addition, the Company shall hold the Designated Shares of the Acquired

[13] With respect to shares of a public company, see Section 2.6.8 of the CEO's Terms of Office and Section 9.7.7 of the Compensation Policy.

Company, including all of the rights attached thereto, up until the exercise date, and it may also benefit from an increase in the value of shares that it will remain holding after the exercise by the officers, in view of the cashless mechanism that applies to the manner of exercise, according to which in any event of an increase in value, the Company shall continue to hold Designated Shares that reflect the price of the Company's investment in these shares.

4.6.4 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 respect to the Company's CEO, the threshold condition that he will undertake that a certain percentage of the amounts of the grant to which he is entitled shall be granted as capital compensation with respect to the Acquired Company, also links a significant part of the CEO's compensation to the risks borne by the Company at the time of entering into new investments.

4.6.5 The granting of the Options for the Designated Shares by the Company, in cases in which the granting of Options for Shares in the Acquired Company, by the Acquired Company, is not possible, upon such terms and conditions and in such scopes as are as similar as possible, and subject to the said ceilings (*mutatis mutandis*), is necessary in order to implement the current incentive structure for the officers under circumstances in which the allocation of options for shares by the Acquired Company is not possible when, with respect to the CEO, his eligibility to capital compensation in Acquired Companies was determined and approved as a significant part of his terms of office at the Company. Adjusting the capital compensation as proposed with respect to the Options for Designated Shares is intended to consolidate, insofar as practicable, the terms and conditions that apply in Investment Transactions in which it is possible to allocate options for shares, which will be allocated by the Acquired Company, and in those Investment Transactions in which this is not possible.

4.6.6 It is clarified that no amendment whatsoever is proposed to the amounts of the capital compensation or other amounts, as approved by the Company's Shareholders' Meeting dated June 27, 2019.

4.6.7 An amendment of the CEO's Terms of Office with respect to the manner of counting the vesting periods of the capital compensation is intended to reduce the breach of the CEO's Terms of Office, as arises from a delay in the making of investment transactions, *inter alia*, in view of the COVID pandemic, which broke out during his first year in office, and in view of the period of time that is necessary for the purpose of identifying and examining investments that are appropriate, in the Company's opinion, in order to implement its strategy, and also in order to render the grant period consistent with the mechanism for the Aggregate Grant to which the CEO is entitled.

4.6.8 An amendment of the terms of the Compensation Policy with respect to the manner of counting the vesting periods of the capital compensation is intended to reduce the possible breach of the officers' terms of office, as arises from a delay in the making of investment transactions, *inter alia*, in view of the COVID pandemic, which broke out in 2020, and in view of the period of time that is necessary for the purpose of identifying and examining investments that are appropriate, in the Company's opinion, in order to implement its strategy, and also in order to render the vesting period of the capital compensation in the Acquired Company consistent with the vesting period of the capital compensation in the Company.

4.6.9 In addition, the Compensation Committee and the Board of Directors expressed their opinion that the Options for the Designated Shares are not expected to be included under the capital tax track for the officers.

4.6.10 The Audit and Compensation Committee and the Board of Directors of the Company determined that the amendment of the CEO's Terms of Office and the proposed amendment to the Compensation Policy are in the Company's best interests, and they are appropriate, fair and conducive to maintaining appropriate balances that incentivize the officers to achieve the Company's targets, as have been determined, while considering the Company's work plan that is expected as a consequence of the Company's strategy and its actual performance, and also while considering the size of the Company, its strength, its status and its positioning as an international holding and investment company.

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 Monday, December 27, 2021, at 10:00 a.m., at the Company's offices or by using means of communications (pursuant to the limitations set in order to prevent the spread of COVID), whose agenda comprises the passing of the resolutions as set forth above. **Connect to the Meeting using the following number:**
+972-03-9786688/ Participant's Code No. 999 6647 9265 #.

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

The majority that is required at the Meeting, to approve the resolutions proposed in Sections 1.1 and 1.2 on the agenda 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 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.[14]

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

7. **Quorum and Adjourned Meeting**

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

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

The record date for determining the eligibility of a shareholder of the Company to vote at the general meeting, as stated in Section 182(c) of the Companies Law and Section 3 of the Voting Regulations, is at the end of the Stock Exchange trading day of Sunday, November 28, 2021, 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, and a request in this matter will be given in advance, for a particular securities account.

[14] 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 proposed resolutions on the agenda, because, for the purpose of passing the said resolutions, a special majority is required. It should be stated that the Compensation Committee and, subsequently, the Board of Directors, may act to approve any of the proposed resolutions in accordance with the provisions of Sections 267A(c) and 272(c1)(2) of the Companies Law.

9. **Manner of Voting**

9.1 **Voting By Proxy**

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

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

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

The Company's shareholders may inspect the text of the proposed resolution, at the Company's offices, at 23 Aranha St., Millennium Tower, Tel Aviv, by prior arrangement and subject to the limitations as determined in order to prevent the spread of COVID, on Sundays to Thursdays, from 09:00-16:00, 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: November 21, 2021.

9. **Capital Compensation**

9.1 **Objective**

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

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

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

9.3 In addition, in accordance with the Company's updated business strategy, as reported by the Company on March 13, 2019 (Reference No. 2019-01-021592), the Company will also aspire to maximize the value for its shareholders from new investments, in a format that is similar to the private equity format. Therefore, subject to completion of the Company's engagement in a new investment[1] (hereinafter: the "**Investment Transaction**" and the "**Acquired Company**," respectively), should it be implemented, the Officers may receive, without consideration, capital compensation that will consist of option warrants convertible into shares of the Acquired Company, which shall be allocated by the Acquired Company (hereinafter: the "**Options for Shares in Acquired Companies**") or in cases in which, in the framework of an Investment Transaction, it is not possible, for any reason whatsoever, for the Acquired Company to grant Options for Shares in the Acquired Company, to the Company's Officers upon the completion of the Investment Transaction, the Officers will be entitled to receive from the Company, upon the completion of the Investment Transaction or shortly thereafter, without consideration, options

[1] 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.

for the purchase of shares in the Acquired Company (with respect 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**")~~(the "**Options in Acquired Companies**" or the " **Capital Compensation in Acquired Companies**")~~, in accordance with the principles as set forth in this section below (hereinafter: the "**Capital Compensation in Acquired Companies**").[2]

9.4 With respect to an Officer who is a VP – the maximum fair value[3] of the Capital Compensation in the Company will not exceed nine times the monthly salary of the Officer for any year (it will be calculated in accordance with the result that is obtained by dividing the fair value of the capital compensation on the date of the grant thereof by the number of vesting years, and in such a manner that is not necessarily in accordance with the accounting entry of the expense) (hereinafter: the "**Fair Value Ceiling at the Company**"). The maximum fair value per year of the Capital Compensation in Acquired Companies will not exceed the difference between the Fair Value Ceiling at the Company and the fair value of the Capital Compensation in the Company that was actually granted to the Officer, when this difference is multiplied by 1.33[4] (hereinafter: the "**Fair Value Ceiling at Acquired Companies**"). It is clarified that in accordance with this Policy, capital compensation will not be granted to a VP only at the Acquired Companies.

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

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

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

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

9.6 Principles of the Capital Compensation in the Company

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

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

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

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

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

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

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

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

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

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

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

9.7 Principles of the Capital Compensation in Acquired Companies

9.7.1 Subject to the making of Investment Transactions, the Options in Acquired Companies will be granted to an Officer in such a manner that the Acquired Company will allocate to the Officer the Options in the Acquired Company (in the framework of the Investment Transaction or as an undertaking to make the allocation on a future date, around the time of the Investment Transaction) or, in cases in which, in the framework of an Investment Transaction, it is not possible, for any reason whatsoever, for the Acquired Company to grant Options for Shares in the Acquired Company, to the Company's Officers upon the completion of the Investment Transaction, the Officers will be granted Options for Designated Shares, which shall be allocated to the Officer by the Company. The Compensation Committee and the Board of Directors of the Company will approve the scope of the Capital Compensation in the Acquired Companies that will be allocated to the Officers who are VPs out of the Fair Value Ceiling at Acquired Companies. It should be clarified that the Officer will be entitled to one grant only of capital compensation in an Acquired Company, at each Acquired Company.

9.7.2 If, at the time of the making of an Investment Transaction, an additional Investment Transaction is expected in the very same year, the Compensation Committee will determine the value of the capital compensation that will be granted to the Officer in respect of each Investment Transaction out of the Fair Value Ceiling at Acquired Companies.

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

It is clarified that the provisions of this Section 9.7.3 above will apply with respect to the Capital Compensation in Acquired Companies for all of the Officers (who are not directors), including the Company's incumbent CEO as of the date of the determination of this Policy.[5]

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

9.7.5 The Capital Compensation in Acquired Companies shall vest in stages, in three equal and fixed tranches, over a period of three years, commencing from the last date of the allocation of the Capital Compensation in the Company, which was granted to any officer, prior to the granting of the Capital Compensation in the Acquired Company (hereinafter: the "**Date of the Allocation of Capital Compensation in the Company**"), in such a manner that at the expiration of each subsequent year after the last Date of the Allocation of Capital Compensation in the Company that was granted to the officer, 1/3 (one third) of the amount of the Capital Compensation in the Acquired Company, which was granted, shall also vest.[6] ~~The vesting period of the capital compensation will be at least three years from the date of the allocation, and each year, the *pro rata* share of the amount of the securities that was allocated to the Officer will vest.~~

9.7.6 ~~The Options in Aquired Companies could be exercised up until the expiration of a period not exceeding seven years from the date of allocation.~~ Any capital compensation in an Acquired Company can be exercised up until the expiration of a period not exceeding seven years from the date of commencement of its vesting period (hereinafter: the "**Exercise Period**").

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

6 Some of the officers of the Company were granted capital compensation in the Company on December 20, 2020 (see the Private Placement Report dated December 6, 2020 (Reference No.: 2020-01-124186) (hereinafter: the "**Private Placement Report**") and also the Report on the Changes in Officers' Holdings, dated December 20, 2020 (Reference No.: 2020-01-130264), which are incorporated herein by way of reference). In accordance with Section 2.A of the Private Placement Report, the capital compensation that was granted as aforesaid shall vest in stages and in three equal and fixed tranches, over a period of three years, commencing from the Date of the Allocation of Capital Compensation in the Company; accordingly, if, in the course of 2021, an investment transaction was made in respect of which the said officers will be granted Options for Shares in the Acquired Company or Options for Designated Shares (subject to receiving the approvals as required for that purpose), the vesting period of the Capital Compensation in Acquired Companies that will be granted to the officers will commence on the Date of the Allocation of the Capital Compensation in the Company, i.e., on December 20, 2021, and it will vest in stages, in equal annual tranches over an identical period (when the first tranche will vest on December 20, 2021, and so on and so forth, over three years from the date of the Date of the Allocation of the Capital Compensation in the Company).

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

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

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

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

9.7.11 In any event of the termination of office of an Officer (hereinafter: the "**Termination of Office**"), the terms and conditions as set forth below will apply to the Capital Compensation in Acquired Companies:

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

(a) The day of the Termination of Office will be the day on which notice of the Termination of Office was received or given (hereinafter: the "**Day of the Termination of Office**").

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

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

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

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

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

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

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

APPENDIX B – VOTING FORM

ISRAEL CORPORATION LTD.

VOTING FORM

In accordance with the Companies Regulations (Voting in Writing and Position Statements), 5765-2005 (hereinafter: the "Voting Regulations")

FIRST PART

1. **Name of the Company**

   Israel Corporation Ltd. (hereinafter: the "**Company**").

2. **Type of the Meeting, the Date and the Venue**

   A special annual general meeting of the Company's shareholders, that will be held on Monday, December 27, 2021, at 10:00 a.m., at the Company's offices or by using means of communications (in view of the limitations set in order to prevent the spread of COVID), whose agenda comprises the passing of the resolutions as set forth below. **Connect to the Meeting using the following number:**
   +972-03-9786688/ Participant's Code No. 999 6647 9265 #.

3. **Details of the Items on the Agenda in respect of which Shareholders can Vote Using a Voting Form**

   3.1 Amendment to the Terms of the Capital Compensation for the Company's CEO

   It is proposed to approve an amendment to the terms of the capital compensation for Mr. Yoav Doppelt, the Company's CEO, in accordance with the description of the main terms and conditions as set forth in Sections 2 and 3 of the Report Convening the Meeting to which this Voting Form is attached (hereinafter: the "**Report Convening the Meeting**").[1]

   Summary of the Text of the Proposed Resolution: "To approve an amendment to the terms of the capital compensation for Mr. Yoav Doppelt, as the Company's CEO, in accordance with the description of the main terms and conditions as set forth in the Report Convening the Meeting."

   3.2 Amendment to the Terms of the Capital Compensation in the Company's Compensation Policy

   It is proposed to approve an amendment to the terms of the capital compensation in the Company's Compensation Policy, as per the draft of the

[1] It is clarified that except as stated in the Report Convening the Meeting, the rest of the terms and conditions of office of the Company's CEO shall not be modified.

amendment attached as **<u>Appendix A</u>** to the Report Convening the Meeting, as set forth in Sections 2 and 4 of the Report Convening the Meeting.[2]

<u>Summary of the Text of the Proposed Resolution</u>: "To approve an amendment to the terms of the capital compensation in the Company's Compensation Policy, as per the draft attached as Appendix A to the Report Convening the Meeting, as set forth in the Report Convening the Meeting."

4. **<u>Inspection of the Text of the Proposed Resolutions</u>**

The Company's shareholders may inspect the text of the proposed resolutions at the Company's offices, at 23 Aranha St., Millennium Tower, Tel Aviv, by prior arrangement and subject to the limitations set in order to prevent the spread of COVID, on Sundays to Thursdays, from 09:00-16:00, on Tel: 03-6844500, and also on the websites of the Israel Securities Authority and the Tel Aviv Stock Exchange Ltd. (hereinafter: the "**Stock Exchange**"), whose addresses are specified in Section 11 below.

5. **<u>The Majority Required to Pass the Resolutions at the Meeting</u>**

5.1 The majority that is required at the Meeting to approve the proposed resolutions on the agenda 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 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.[3]

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

6. **<u>Mention of a Shareholder's Connection</u>**

In the Second Part of the Voting Form, space is allocated for marking whether the shareholder does or does not have a connection, as required pursuant to the provisions of the Companies Law, and for giving a description of the nature of the relevant connection. **Should a shareholder fail to mark such a space, or should he**

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[2] It is clarified that except as stated in the Report Convening the Meeting, the rest of the provisions of the Company's Compensation Policy shall not be modified. It is further clarified that the proposed amendment will not give rise to the extension of the validity of the Company's Compensation Policy from the date of the approval thereof on October 29, 2019.

[3] 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 proposed resolutions on the agenda, because, for the purpose of passing the said resolutions, a special majority is required. It should be stated that the Compensation Committee and, subsequently, the Board of Directors, may act to approve the proposed resolutions in accordance with the provisions of Sections 267A(c) and 272(c1)(2) of the Companies Law, as the case may be.

fail to describe the nature of the connection, his vote will not be included in the count of the votes.

7. **<u>Validity of the Voting Form</u>**

7.1 The Voting Form will be valid only if "Confirmation of Ownership" (a power of attorney from the nominee company proving the ownership of the share; hereinafter: "**Confirmation of Ownership**") of the non-registered shareholder (i.e., a shareholder in whose favor shares are registered with a Stock Exchange member and which shares are included amongst the shares registered in the Register of Shareholders, in the name of the nominee company; hereinafter: "**Non-Registered Shareholder**") is attached thereto, or if Confirmation of Ownership was sent to the Company through the Electronic Voting System, as defined below, or a photocopy of an ID card, passport or certificate of incorporation, if the shareholder is registered in the Company's books.

In the alternative, a Non-Registered Shareholder may transfer Confirmation of Ownership to the Company through the Electronic Voting System up until the time of the closing of the Electronic Voting System (i.e., up to six (6) hours prior to the time for the convening of the Meeting).

7.2 The last time for the submission of the voting forms is up to four (4) hours prior to the time of the general meeting. For this purpose, the time of the submission is the time at which the Voting Form and the documents that need to be attached thereto arrived at the Company's offices, whose address is specified in Section 9 below.

8. **<u>Voting Through the Electronic Voting System</u>**

A Non-Registered Shareholder may vote using a voting form that is transmitted to the Company through the Electronic Voting System (as defined below), all in accordance with and subject to the terms and conditions set forth in the Voting Regulations.

After the Record Date (as this term is defined below), upon receipt of an identification number and an access code from the member of the Stock Exchange, and after a process of identification, a Non-Registered Shareholder may vote through the electronic system, which operates pursuant to Article B of Chapter G2 of the Securities Law, 5728-1968 (hereinafter: the "**Electronic Voting System**" and the "**Securities Law,**" respectively). The address of the Electronic Voting System, as construed in Section 44K2 of the Securities Law, is: https://votes.isa.gov.il.

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

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

9. **<u>The Company's Address for Delivering Voting Forms and Position Statements</u>**

At the Company's offices, at 23 Aranha St., Millennium Tower, Tel Aviv.

10. **<u>The Last Date for Delivering Position Statements, the Last Date for Delivering the Board of Directors' Response to Position Statements and the Record Date for Determining a Shareholder's Eligibility to Participate in and Vote at the Meeting</u>**

10.1 The last date for the submission of position statements is up to ten (10) days prior to the date of the Meeting, and the last date for the submission of the Board of Directors' response to a position statement is up to five (5) days prior to the date of the Meeting.

10.2 The record date for determining the eligibility of a shareholder of the Company to vote at the general meeting, as stated in Section 182(c) of the Companies Law and Section 3 of the Voting Regulations, is at the end of the Stock Exchange trading day of Sunday, November 28, 2021, and if no trading is conducted on the Record Date, then on the first trading day prior thereto (hereinafter: the "**Record Date**").

11. **<u>Addresses of the Distribution Site and the Website of the Stock Exchange, Where the Voting Forms and Position Statements are Available</u>**

11.1 The address of the Distribution Site of the Israel Securities Authority is: http://www.magna.isa.gov.il.

11.2 The address of the website of the Tel Aviv Stock Exchange Ltd. is: https://maya.tase.co.il.

12. **<u>Additional Comments, as Required Pursuant to the Voting Regulations</u>**

12.1 A Non-Registered Shareholder may receive the Confirmation of Ownership, as defined in Section 71 of the Companies Law, and as stated in Section 7.1 above, at the branch of the Stock Exchange member or by dispatch by mail, if he so requested, in consideration of mailing costs only. A request in this matter will be given in advance, for a particular securities account. In addition, a Non-Registered Shareholder may instruct that his Confirmation of Ownership be sent to the Company through the Electronic Voting System.

12.2 A Non-Registered Shareholder may receive by email, without charge, a link to the text of the Voting Form and the position statements (if any) on the Distribution Site, from the Stock Exchange member through which he holds his shares, unless he informed the Stock Exchange member that he does not wish to receive such a link or that he wishes to receive voting forms by mail, in consideration of payment. The Non-Registered Shareholder's notice with respect to the voting forms will also apply with respect to the receipt of position statements (if any).

In addition, any shareholder may contact the Company directly to receive from it, without charge, the text of the Voting Form, or, with his consent, a link to the text of the Voting Form on the Distribution Site, and also the position statements that have reached the Company, if any.

12.3 One or more shareholders who hold shares at a rate constituting five percent (5%) or more out of the total voting rights at the Company and also a shareholder who holds such a rate out of all the voting rights which are not held by the controlling shareholder of the Company, as defined in Section 268 of the Companies Law, may, himself or through a representative on his behalf, after the convening of the general meeting, inspect the voting forms and the voting records through the Electronic Voting System, which have reached the Company, as set forth in Regulation 10 of the Voting Regulations.

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

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

12.4 After the date of publication of this Voting Form, there may be changes to the agenda of the Meeting which is the subject of this Voting Form (including the addition of an item to the agenda), and position statements may be published in matters pertaining to this voting form. It will be possible to inspect the up-to-date agenda of the Meeting, as aforesaid, and the position papers, if submitted, in the Company's reports on the Distribution Site.

12.5 An amended voting form, insofar as required, as a consequence of changes to the resolutions on the agenda, will be published by the Company on the Distribution Site concurrently with the publication of the changes to the resolutions, as aforesaid, not later than the dates set forth in Regulation 5B of the Companies Regulations (Notice and Announcement of a General Meeting and a Class Meeting at a Public Company), 5760-2000.

12.6 The shareholder will specify the manner of his voting with respect to the item on the agenda and in respect of which he can vote using this Voting Form, in the Second Part of this Voting Form.

13. **Cancellation of the Voting Form**

A shareholder may, up to twenty four (24) hours prior to the time of the convening of the general meeting, contact the address for the submission of voting forms, as stated in Section 9 above and, after proving his identity to the satisfaction of the Company's Secretary or another employee who has been appointed for this purpose, withdraw the Voting Form and his Confirmation of Ownership.

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APPENDIX B – VOTING FORM

ISRAEL CORPORATION LTD.

VOTING FORM

In accordance with the Companies Regulations (Voting in Writing and Position Statements), 5765-2005 (hereinafter: the "Voting Regulations")

<u>SECOND PART</u>

<u>Part A:</u>

1. **Name of the Company**: Israel Corporation Ltd. (hereinafter: the "**Company**").

2. **Company's Address (for delivering and sending voting forms)**: 23 Aranha St., Millennium Tower, Tel Aviv.

3. **Company's No.**: 52-002801-0.

4. **Date of the Meeting**: Monday, December 27, 2021, at 10:00 a.m., and any adjourned meeting.

5. **Type of the Meeting**: A special general meeting.

6. **Record Date:** At the end of the Stock Exchange trading day of Sunday, November 28, 2021, and if no trading is conducted on the Record Date, then on the first trading day prior thereto

<u>Part B (to be completed by the shareholders):</u>

1. **<u>Details of the Shareholder</u>**
   - 1.1 Name of the Shareholder: __________________________.
   - 1.2 ID No.: ____.
   - 1.3 Passport No. (if the shareholder does not possess an Israeli ID card): ________________.
   - 1.4 The country in which the passport was issued (if the shareholder does not possess an Israeli ID card): _______.
   - 1.5 The passport is valid until the date of (if the shareholder does not possess an Israeli ID card): _______.
   - 1.6 Corporation No. (if the shareholder is a corporation): ___________________.
   - 1.7 Country of incorporation (if the shareholder is a corporation): _____________.

2. Manner of Voting

Item on the Agenda	Manner of Voting[1]			Are you a controlling shareholder of the Company/ do you have a personal interest in the approval of the resolution? [2]	
	For	Against	Abstain	No	Yes*
An amendment to the terms of the capital compensation for Mr. Yoav Doppelt, as the Company's CEO, in accordance with the description of the main terms and conditions, as set forth in the Report Convening the Meeting.					
An amendment to the terms of the capital compensation in the Company's Compensation Policy, as per the draft attached as Appendix A to the Report Convening the Meeting, as set forth in the Report Convening the Meeting.					

*** Please specify the nature of the relevant connection, as the case may be:**

____
____
____

An interested party, a senior officer or an institutional investor

Are you an interested party, a senior officer or an institutional investor? [Mark]

Are you an interested party[3] in the Company?	Yes	No
Are you a senior officer[4] of the Company?	Yes	No
Are you an institutional investor[5]?	Yes	No

3. Comments in Accordance with the Voting Regulations:

a. With respect to shareholders holding shares through a Stock Exchange member (pursuant to Section 177(1) of the Companies Law) – this Voting Form is valid solely upon the attachment of Confirmation of Ownership, except in cases in which the vote is through the Electronic Voting System.

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[1] Failure to mark a response will be deemed to be abstaining in the vote on the said matter.

[2] The vote of a shareholder who does not fill in this column, or who marks "Yes" but fails to provide details, will not be included in the count of the votes.

[3] As defined in Section 1 of the Securities Law, 5728-1968.

[4] As defined in Section 37(d) of the Securities Law, 5728-1968.

[5] As defined in Regulation 1 of the Control of Financial Services Regulations (Provident Funds) (Participation by a Management Company in a General Meeting), 5769-2009, and also a Mutual Fund Manager, within the meaning of that term in the Joint Investment Trust Law, 5754-1994.

b. With respect to shareholders registered in the Company's Register of Shareholders – the Voting Form is valid upon the attachment of a photocopy of the ID card/ passport/ certificate of incorporation.

c. This Voting Form shall be delivered to the Company, or it shall be sent by registered mail, so that this Voting Form and the aforesaid documents will be received at the Company's registered office by not later than four hours prior to the time of the convening of the general meeting. A Voting Form that arrives later will not be deemed to be presence at the meeting for the purpose of the constitution of a quorum for voting, and it will not be counted in the vote.

Date: _____________

____
Shareholder's Signature