

November 30, 2022

## **The Phoenix Holdings Ltd. (the “Company”)**

To:

The Tel Aviv Stock Exchange Ltd.  
2 Achuzat Bayit Street  
Tel-Aviv

To:

Israel Securities Authority  
22 Kanfei Nesharim Street  
Jerusalem

### **Re: Immediate Report on Convening an Special General Assembly for the Company's Shareholders**

In accordance with the Companies Law, 5759-1999 (the “**Companies Law**”), with the Securities Regulations (Period and Immediate Reports), 5730-1970 (the “**Reports’ Regulations**”) and with the Companies Regulations (Notice and Ad on General Assembly and Type Assembly in a Public Company and Adding a Topic to the Agenda), 5760-2000 (“**Notice and Ad Regulations**”), a notice is hereby given concerning the convening of the Company's Special General Assembly, which shall convene on Thursday, January 5, 2023 at 17:00, at the Company's offices located at 53 HaShalom Road, Giv'atayim, 20th floor (the “**Company's Offices**”), and on its agenda will be the topics detailed in this Report.

#### **1. The topics on the agenda and a summary of the proposed resolutions:**

##### **1.1. Update of the Remuneration Policy for the years 2021-2023**

- 1.1.1. On October 22, 2020, the Company's General Meeting approved a new Remuneration Policy for Company's officials for a period of three years effective January 1, 2021 (“**Remuneration Policy**”). For additional details see Immediate Reports from September 16, 2020, and October 22, 2020 (Reference No.: 2020-01-102009 and 2020-01-106480, respectively).
- 1.1.2. On November 29, 2022, after receiving the approval of the Company's Compensation Committee, on October 31, 2022, the Company's BOD approved the Amendment of the Remuneration Policy (“**Amendment of the Remuneration Policy**”). The version of the Remuneration Policy in track changes is attached as Appendix A to the meeting summons report.
- 1.1.3. The main points of the Amendment of the Remuneration Policy are as follows:

Section 15 of the Remuneration Policy was updated in a way that will allow the granting of equity compensation for the shares of companies held by the Company, directly or indirectly, for Company's Officers, in addition to the possibility to grant an equity compensation for the Company's shares.

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**Summary of the proposed resolution - "Approve the Amendment of the Remuneration Policy for Company's Officers in the version attached as Appendix A to this report."**

**1.1.4. Reasons for amending the Remuneration Policy**

- 1.1.4.1. The Compensation Committee and the BOD believe that there is great importance in tying the compensation of the Officers in the Company with the success of companies held by the Company, directly or indirectly ("Affiliate Companies"), in which the Officers play a role and/or have an influence on the course of their businesses in the long run. Tying the performance of the Officers and the performance of the Affiliate Companies in such cases will assist in the business promotion and raising the value of the Affiliate Companies, thus increasing the value of the Company's share and therefore it is in the best interest of the Company and its shareholders. A good way to tie the performance of the Officers with the performance of the Affiliate Companies is through the granting of equity compensation to the Affiliate Companies.
- 1.1.4.2. The Compensation Committee and the BOD believe that equity compensation to Affiliate Companies is an acceptable and appropriate tool and even most of the institutional bodies will recommend voting in favor of its granting, under certain circumstances, in accordance with their voting policy at general meetings.
- 1.1.4.3. The Compensation Committee and the BOD stated that the equity compensation, insofar as it is granted, will be limited in scope, in light of the fact that it will be subject to the caps and limitations in the Company's Remuneration Policy, the provisions of Capital Market, Insurance and Savings Authority, and the Financial Corporations Officer Remuneration Law. Accordingly, the equity compensation (if classified as variable compensation), will depend on performance and will be subject to spread, deferral, restitution and forfeiture arrangements.

**1.2. Amendment to the Company's AOA**

- 1.2.1. It is hereby proposed to bring to the approval of the General Meeting a proposal to update the Company's AOA, the main points of which are as follows: 1. Amending the section regarding the composition of the BOD, so that the BOD will be comprised of up to maximum 12 directors; 2. The cancellation of the provision in the Company's AOA regarding the possibility of issuing bearer shares which was relevant in the past, during the period when the Mandatory Companies Ordinance came into force (before being replaced by the new Companies Law) and which is not in use.

The version of the AOA in track changes is attached as Appendix B to the meeting summons report.

**Summary of the proposed resolution - "Adopt the amendments to the Company's AOA in accordance with the version of the AOA attached as Appendix B to this meeting summons report."**

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**2. Summoning an Annual Special General Assembly, its Date and Implementation**

The Special General Assembly shall convene on Thursday, January 5, 2023 at 17:00 at the Company's Offices located at 53 HaShalom Road, Giv'atayim, 20th floor.

The legal quorum for holding the Assembly is the presence of at least three (3) shareholders, either by person or by proxy, who hold at least a third (1/3) of the total voting rights in the Company, within half an hour from the date and time set to commence the Assembly. If within half an hour from the set date and time there will not be a legal quorum, the Assembly shall be postponed by a week for the same date, time and place, meaning, Thursday, January 12, 2023 at 17:00 (the "**Postponed Assembly**"). If within half an hour from the set date and time there will not be a legal quorum, then the presence of at least two (2) shareholders, either by person or by proxy, shall constitute the legal quorum for holding the Postponed Assembly.

**3. The Required Majority for Resolutions on the Assembly's Agenda**

3.1. Pursuant to the provisions of section 267a(b) of the Companies Law, the required majority for approval of the resolution specified in section 1.1 (update of the Remuneration Policy for the years 2021-2023) is a simple majority of the votes participating in the voting, provided that one of the following holds true:

3.2.1 The count of majority votes at the General Assembly will include the majority of all of the votes of shareholders who are not the controlling shareholders of the Company or have a personal interest in the resolution, and are participating in the voting; in a count of votes of all such shareholders, abstained votes shall not be taken into account;

3.2.2 The total number of opposing votes from among the shareholders referred to under section 3.2.1 above shall not exceed the rate of two percent (2%) of the total voting rights in the Company.

3.2. The majority required to approve the resolution listed in section 1.2 above is a simple majority of more than fifty percent (50%) of the votes of the shareholders present at the meeting, who are entitled to vote and voted in it, and this without taking into account the votes of those who abstained.

**4. The Assembly's Orders and Voting**

**A. The date for determining the shareholders' entitlement to participate and vote in the Assembly**

The effective date for determining the shareholders' entitlement to vote in the General Assembly according to section 182 of the Companies Law and according to Regulation 3 of the Companies' Regulations (Written Voting and Position Announcements), 5766-2005 ("**Written Votes Regulations**") is Thursday, December 8, 2022 (the "**Effective Date**").

**B. Voting eligibility**

Any of the Company's shareholders on the Effective Date, whether the shares are listed on his/her name or whether he/she holds them by way of a stock-exchange member, is eligible to take part and vote in the Assembly in person or by proxy for voting as well as by Voting Paper or Electronic Voting (as defined below).

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**C. Proxy for voting**

The document that appoints a proxy shall be in writing, signed by the appointer or his/her attorney, or, when the appointer is a corporation, the power of attorney shall be signed with its accepted stamp or by its attorney. The proxy-appointment letter and the power of attorney (if there is any) or a copy of such documents approved by a notary shall be deposited at the Company's Offices with the Company's secretary, at least forty-eight (48) hours prior to the date and time of the General Assembly or the Postponed Assembly (accordingly) for which an authorization letter was submitted. A deposit as stated, which relates to the Assembly's set date, shall also be effective for the Postponed Assembly.

**D. Ownership approval**

In accordance with the Company's Regulations (Proof of Share Ownership for Voting Purposes in the General Assembly), 5760-2000, a Company's shareholder, to whom a share is listed with a stock-market member and that share is included with the shares listed on the shareholders' registry under the Company's name for registries ("Unlisted Shareholder"), shall be entitled to participate in the General Assembly, in person or by proxy for voting or via Voting Paper (as defined below) only if he/she submits to the Company, before the General Assembly, an approval from the stock-exchange member, under its name his/her entitlement for a share is listed, concerning his/her ownership in the Company's shares on the Effective Date, in keeping with the form attached to these regulations ("Ownership Approval"). Alternatively, an unlisted shareholder is entitled to instruct that his/her Ownership Approval shall be transferred to the Company by way of the electronic voting system (as defined below).

An unlisted shareholder is entitled to receive the Ownership Approval from the stock-exchange member through whom he/she holds his/her shares, at the branch of the stock-exchange member or by mail to his/her address for only a delivery charge, if he/she requested it, provided such request on this matter shall be provided in advance to a specific securities account.

**E. Voting paper and position announcements**

As mentioned, a shareholder is entitled to vote in the General Assembly by voting paper, as defined in section 87 of the Companies Law, which its wording is attached to this Report ("Voting Paper"). A shareholder shall indicate his/her way of voting concerning any resolution on the agenda on the second part of the Voting Paper.

The Voting Paper and the position announcements, as defined in section 88 of the Companies Law, can be reviewed, as provided, on the Distribution Website and the Stock-Exchange Website. Any shareholder is entitled to directly contact the Company and receive for no cost the wording of the Voting Paper and position announcements (as will be provided).

A stock-exchange member shall send, for no cost, by email, a link to the Voting Paper's wording and the position announcements (as will be provided) on the Distribution Website, to any shareholder of the Company who is unlisted on the Company's shareholders' registry and whose shares are listed with the same stock-exchange member, unless the shareholder has notified that he/she does not wish that or that he/she wishes to receive Voting Papers by mail while bearing the delivery cost.

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The Voting Paper and documents that should be attached thereto, as specified on the Voting paper, should be submitted to the Company's Offices (including by way of registered mail) with an attached Ownership Approval (and with respect to a listed shareholder - with attachments of a copy of an I.D., passport or incorporation certificate, accordingly) up to four (4) hours prior to the General Assembly being convened. In this regard, the "submission date and time" is the date and time when the Voting Paper arrived with its attached documents to the Company's Offices.

The deadline for submitting position announcements to the Company by the Company's shareholders is up to ten (10) days prior to the Assembly's date, i.e. until December 26, 2022. The deadline for submitting the BOD's response to the position announcements, as such statements are submitted and the BOD chooses to respond thereto, is up to five (5) days prior to the Assembly's date, i.e. until January 1, 2023.

**F. Voting in the electronic-voting system**

In addition, an unlisted shareholder is also eligible to vote by an electronic Voting Paper that shall be conveyed to the Company by the electronic voting system in accordance with Mark B of Chapter 7-2 of the Securities Law ("Electronic Voting", "The Electronic Voting System" and an "Electronic Voting Paper", accordingly).

Voting by way of an Electronic Voting Paper shall be permitted from the end of the Effective Date and up to six (6) hours prior to the General Assembly's convening date, i.e. until January 5, 2023 at 11:00.

It should be noted that in accordance with section 83(D) of the Companies Law, should a shareholder vote in more than one manner, his/her most recent vote shall count, when accordingly, a shareholder's vote by person or by proxy shall be deemed late to voting by way of a Voting Paper or an Electronic Voting Paper.

**G. Changes to the agenda and a shareholder's request to include a topic on the agenda**

After the publication of this Report, there may be changes to the agenda, including adding a topic to the agenda, and position announcements may be published. The updated agenda and position announcements may be reviewed, when published, on the Company's reports and on the Distribution Website.

A shareholder's request according to section 66(B) of the Companies Law to include a topic on the agenda of the General Assembly shall be submitted to the Company up to seven (7) days after the Assembly is summoned (a "Shareholder's Request"). Should the BOD find that a topic being requested by a shareholder for inclusion on the agenda is suitable for discussion in the General Assembly, the Company shall then prepare an updated agenda and a revised Voting Paper and will publish them no later than seven (7) days after the deadline for submitting a Shareholder's Request.

**5. The Company's representative**

The Company's representative for handling this Report is Attorney Meni Neeman, the Deputy CEO, Senior Legal Counsel and the Company's Secretary, of 53 HaShalom Road, Giv'atayim. Tel: 03-7332997. Fax: 03-7238831; Email: [menin@fnx.co.il](mailto:menin@fnx.co.il).

Ownership Approvals and/or powers of attorney and/or voting instructions and/or Voting Papers can be sent to Attorney Elad Sirkis, to fax number 03-7332163 or by email to [EladS1@fnx.co.il](mailto:EladS1@fnx.co.il)

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## 6. **Reviewing the documents**

The full wording of the proposed resolutions may be reviewed, concerning the Voting Paper and the position announcements (if there are any) at the Company's Offices, from Sundays to Thursdays during regular work hours, in prior coordination by calling 03-7332997, and that, by the time of convening the Assembly.

One or more shareholders, who hold shares as of the Effective Date at the rate of 5% or higher of the total voting rights in the Company, as well as any other individual who holds a similar rate as mentioned of the total voting rights, which are not being held by a controlling shareholder in the Company, as defined in section 268 of the Companies Law, is entitled, by person or by proxy on his/her behalf, after the General Assembly is convened, to review, at the Company's Offices and on regular work hours, the Voting Papers and voting records through the Electronic Voting System received by the Company, as detailed in Regulation 10 of the Companies Regulations (Written Voting and Position Announcements), 5781-2015.

Sincerely,

## The Phoenix Holdings Ltd.

By: Meni Neeman, Chief Legal Counsel and the Company's Secretary

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**Appendix A**

# **The Phoenix Holdings Ltd.**

## **Officers and Employees**

## **Remuneration Policy**

## **for the years 2021-2023**

*This English translation from the Hebrew version of the Remuneration Policy has been made for convenience and information purposes only. In case of any conflict or discrepancy between the terms of this English translation and the original version prepared in Hebrew, the Hebrew version shall prevail.*

# Chapter I – Introduction and Basic Principles

## 1. General

This document is intended to describe the policy of the Phoenix Holdings Ltd. and the companies under its full control (together: the “**Company**”) in respect of remuneration of Officers and other employees at the Company - the scope of remuneration, its components and the manner of determination thereof, and so except for companies under the Company’s full control who had adopted their own remuneration policy for their employees pursuant to the laws applying to such.

Determination of the Company's Officers remuneration policy and publication thereof are pursuant to the provisions of Section 267a under the Companies Law, 5759 - 1999 (the “**Companies Law**”).

This policy has been adjusted, to the extent required, to the provisions of Institutional Entities Circular 2019-9-6 on "Amendment to the Provisions of the Consolidated Circular, Part 1, Gate 5, Chapter 5, titled “Remuneration“ (the “**Consolidated Circular**”).

The remuneration policy has been formulated in a manner so as to ensure compliance with the provisions under the Remuneration of Officeholders in Financial Corporations (Special approval and Inadmissibility of Expenses for Tax Purposes due to Irregular Remuneration) Law, 5776-2016 (the “**Officeholders Remuneration Law**”).

Under this policy, the term “Company” shall address, per the circumstances and to the extent relevant, also the relevant companies belonging to the Phoenix Group (for example, reference to management of policyholders’ funds by the Company refers to management of policyholders’ funds by the Group’s relevant companies that manage policyholders’ funds).

It should be emphasized that this policy does not confer rights upon Officers (or any other employee) at the Company, and no right shall be conferred upon a Company Officer, by virtue of the mere adoption of this remuneration policy, to obtain any of the remuneration components specified in the remuneration policy. The remuneration components to which an Officer shall be entitled shall be solely those approved specifically for him by the Company’s organs authorized to do so (the Compensation Committee, Board of Directors and General Meeting, as applicable, and subject to the provisions under law).

In the event where an Officer (or other employee) at the Company shall obtain remuneration that is less than the remuneration pursuant to this policy, such shall not be deemed an aberration or deviation from this remuneration policy, and the terms of his employment as aforementioned shall not require for this purpose the approval of the General Meeting that is required in the case of approval of office terms and employment deviating from the remuneration policy.

The policy is worded in the masculine form for convenience purposes only and it is intended for both men and women.

## **2. Commencement and Applicability Provisions**

This policy shall apply in respect of the years 2021 through 2023. It should be noted, the remuneration policy shall not infringe upon existing engagements of the Company with Officers or other Key Position Employees.

The provisions of this remuneration policy shall apply to the terms of remuneration of Key Position Employees as their definition in the Consolidated Circular (“**Key Position Employee**”) which had been approved commencing October 7, 2015 onwards. However, regarding remuneration agreements that had been approved prior to the aforesaid date, the provisions under the policy shall not apply to rights accrued and/or formed in respect of periods prior to the date of entry into force of the provisions under the Officeholders Remuneration Law and the Institutional Entities Circular 20144-9-2 that had been published on April 10, 2014, and as amended on October 7, 2015 (the “**Previous Circular**”), and regarding the provisions of the Previous Circular’s amendment - according to the date of such amendment’s taking effect, as applicable.<sup>1</sup>

## **3. The Objectives of the Remuneration Policy for the Company’s Officers and Employees**

The Company’s remuneration policy supports obtaining the Company’s long-term objectives and work plans, as well as considering its risk management, *inter alia* by:

- Provision of the tools required for recruitment, motivation and retention of managers and highly-skilled employees in the Company, who will be able to contribute to the Company and maximize its profits in the long term.
- Establishment of a reasonable and appropriate incentives’ layout for Key Position Employees at the Company, considering, *inter alia*, the Company’s features, its long term business activities, the Company’s risk management policy and the work relations at the Company.
- In respect of varying remuneration - placing an emphasis on performance based remuneration and linkage of remuneration of Key Position Employees to the Company’s performance, while adjusting the remuneration of Key Position Employees to their contribution in achieving the Company’s long term objectives and maximizing its profits, and according to their position.
- Establishment of an appropriate mix of the various remuneration components (such as fixed components vis-a-vis varying components as well as short term components vis-a-vis long term components).
- Prevention of formation of incentives for taking exceptional risks or beyond the Company’s risk appetite and of the policyholders’ funds saved through it.

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<sup>1</sup> It is hereby clarified that the provisions of the remuneration policy shall not be more stringent than the transitional provisions set out in the Circular and such shall not adversely affect the rights the transitional provisions had been designed to protect.

- Ensuring the suitability of incentives for intelligent management of policyholders' funds saved through the Company, considering the yield and long term risk.
- Ensuring the existence of appropriate remuneration arrangements and ensuring an appropriate balance between the wish to reward Key Position Employees and motivate them, and the need to ensure that the compensation structure is consistent with the best interests of the Company and the policyholders saving through it.

#### **4. The Population of Employees Subjected to the Remuneration Policy**

The remuneration policy (including all chapters thereof) is designed for setting out a framework for the terms of service and employment of all of the Company's employees, including:

- (1) Chairman of the Board of Directors;
- (2) Board members;
- (3) CEO of the Company;
- (4) Key Position Employees who are Officers;
- (5) Key Position Employees who are not Officers, including Key Employees;
- (6) The other employees at the Company who are not listed among one of the groups noted in this Section 4 above.

#### **5. The Main Concept and the Company's Remuneration Policy**

##### **5.1. The overall remuneration concept**

The overall remuneration of the Officers and employees at the Company may be composed of several components so that each component rewards the Officer and employee for a different component of his contribution to the Company:

5.1.1. Fixed component<sup>2</sup> - this component includes two sub-components: [a] basic wage (salary); and [b] fringe benefits, and it shall constitute a significant part of the total remuneration of a Key Position Employee.

- ✓ The basic wage (salary) is intended to reward the Officer for the time he invests in performing his duties for the Company and for performing the position's tasks on a daily basis. The basic wage expresses the Officer's skills (such as: his experience, the know-how he brings to the position, the expertise he had gained within the domain of occupation, his education, the professional certifications he had gained, etc.) on the one hand, and on the other hand the requirements of the position and the authority he holds. The amount of this wage shall be determined,

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<sup>2</sup> Should an officer be employed in the form of a service provider (rather than an employee), the fixed relevant components, as specified in this remuneration policy, shall be translated into the equivalent management fees' values.

also noting the basic wages customary in the industry for similar position holders and it expresses also the need for recruiting and retaining in the Company's senior positions highly skilled and experienced Officers.

- ✓ The fringe benefits, some of which stem from the provisions under law (such as: social contributions, vacation days, sick-days, convalescence pay, etc.), some stemming from the customary practices in the labor market (such as savings in a continued education fund) and some are other customary fringe benefits such as - car, phone, communication services, newspapers and professional literature and the like. Additionally, the Officers may be entitled to reimbursement of travel expenses, accommodation and per diem expenses, pursuant to the Company's procedures (a limit has been established in the Company's procedures in this regard).

5.1.2. Varying component - this component may include a performance - dependent component, cash bonus/es and/or other varying equity compensation:

- ✓ **Cash bonus/es** - these components are designed to reward the Officer in the short-term for his achievements and contribution in obtaining the Company's objectives during the period for which the varying remuneration is paid.
- ✓ **Equity compensation** - is intended to link between the yielding gained by shareholders as expressed in the increase of the Company's share value over time and the remuneration granted to the Company's Officers. This remuneration establishes alignment of interests among the Officers and shareholders and assists in forming motivation and retention of Key Position Employees in the Company.

## 5.2. The Ratio between the Varying Components and the Fixed Components

5.2.1. In determining the overall remuneration of the Company's employees, the ratio between the fixed components and the varying components of the remuneration shall be taken into account. The examination shall be conducted considering the employee's position, expertise, skills, seniority, responsibility and performance, as well as the need to motivate conduct supporting the Company's risk management framework and long-term financial stability, and this while examining the reasonability of granting such also relative to that customary in the market.

5.2.2. Subject to the Consolidated Circular, the annual rate of the varying component shall not exceed 100% of the annual fixed component cost, unless the Compensation Committee and Board of Directors have determined that there are exceptional circumstances justifying so, and special reasons have been recorded in this matter. Where such exceptional

circumstances take place, the rate of the varying component shall not exceed 200% of the annual fixed component cost. For the purposes of this Section only: “Key Position Employee” - except for CEO; “Exceptional Circumstances” - circumstances regarding a one-time business event that is not repeated annually, and which do not apply to a wide group of Key Position Employees.

- 5.2.3. As a rule, the ratio between the varying remuneration and the cost of the fixed remuneration regarding an Officer or Key Position Employee in risk management, control and inspection functions as well as various supporting functions (“Control and Supervision Functions”) will tend to the benefit of the fixed remuneration compared to this ratio for an Officer or Key Position Employee in business functions.
- 5.3. The Company shall not bear the expenses of employment of any of its employees or Key Position Employees due to his service in office at another corporation, including office in another corporation that is part of the investors’ group the Company belongs to.
- 5.4. The Company shall bear the expenses of employment of any of its employees or other Key Position Employee depending on the scope of the position, the authorizations and liabilities of such, and subject to the limitations under the Consolidated Circular.<sup>3</sup>
- 5.5. The Company shall ensure that any employee or Key Position Employee in it will not obtain any remuneration in respect of his service in office in the Company from another party, including from the Company's controlling shareholder or a non-controlling significant holder in the Company, all subject to the provisions of the Consolidated Circular.

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<sup>3</sup> Meaning, during service in office of an employee or key position employee in a number of institutional entities that are part of a group of investors, each institutional entity in the group shall be required to bear the cost of employment of that employee or Key Position Employee according to the scope of the position, authorizations and liabilities at that institutional entity, and subject to the limitations under the Consolidated Circular.

## Chapter II – Remuneration of Company Officers

### 6. Population

This Chapter refers to Key Position Employees, as defined in the Consolidated Circular, who are Company Officers, as the definition of this term in the Companies Law, who are employed through personal agreements, meaning CEO and Officers reporting to the CEO (in this Section each of the aforementioned shall be referred to as an “Officer”).

This Chapter refers also to remuneration of the active Chairman of the Board of Directors and remuneration of board members.

### 7. Means of Remuneration

The overall Officers’ remuneration package integrates fixed and varying components in a balanced manner in order to motivate the Officers in the short term and long term performance, while avoiding taking risks beyond the Company’s risk appetite. The Officers’ remuneration package may include the following components:<sup>4</sup>

- (1) Fixed remuneration - monthly wage, social contributions and fringe benefits, salary components for which no social payments will be paid, assured bonus in respect of which no social contributions will be made and retirement payments as customary in respect of the other Company employees.
- (2) Varying remuneration - an annual bonus (including Measurable Annual Bonus and Annual Bonus per Discretion), special bonus (due to a special contribution or special event), signing bonus, equity bonus and retirement payments beyond that customary in respect of the other Company employees.

### 8. The Ratio between Officers’ Remuneration and Remuneration of the Other Company Employees

Upon establishing this remuneration policy, the Compensation Committee and Board of Directors have examined, *inter alia*, the ratio between the cost of employment of the Officer and the average and median cost of employment of the other Company employees and contract workers employed by the Company; as well as the impact of the said relations on the work relations in the Company, and noting the Company’s nature, size, mix of personnel employed by it and the nature of its business.

### 9. Insignificant Change in the Terms of Office of an Officer Reporting to the CEO

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<sup>4</sup> Employment agreements that had existed prior to the date of this policy’s taking effect, meaning up to January 1, 2021 (the “**Effective Date**”), may include other compensation components (such as thirteenth salary), all pursuant to the officers’ remuneration policy that had been in effect up to Effective Date of this remuneration policy. Commencing the Effective Date, each new employment agreement, including an existing employment agreement that had been renewed, shall be adapted to the provisions of this remuneration policy.

To the extent permissible by law, the CEO shall be entitled to approve an insignificant change in terms of remuneration of an Officer reporting to the CEO, without obtaining the approval of the Compensation Committee and Board of Directors, provided that the change brought for obtaining this approval complies with the remuneration policy. In this regard - “Insignificant Change in Terms of Remuneration of an Officer Reporting to the CEO” is a change in terms of service and employment including varying non-equity remuneration of an Officer (as defined in the Consolidated Circular), who reports to the CEO, which does not exceed in the aggregate 15% of the cost of his total remuneration over the period of 3 years.

## **10. Principles for Determining Fixed Remuneration**

### **10.1. Officers (Excluding the Chairman of the Board of Directors)**

- 10.1.1 The monthly wage of an Officer shall reflect the Officer's position, his type of activities and responsibilities, his education, skills, expertise, experience, seniority, accomplishments and previous wage agreements that had been signed with him.
- 10.1.2 A fixed annual bonus with no social contributions - an Officer may be entitled to a cash payment in respect of which no social contributions will be made.

### **10.2. Remuneration of Board Members**

A director, including the Chairman of the Board, shall obtain only a fixed component in respect of his service in the Company, and shall not obtain any varying component in respect of this service.

#### **10.2.1. Chairman of the Board of Directors**

The remuneration of the Chairman shall be determined considering the remuneration of an external director in the Company, the scope of his position and referring to the considerations listed in Section 6(b) of the Consolidated Circular.

Additionally, the Chairman of the Board may be entitled to fringe terms as specified in Section 10.3 below.

#### **10.2.2. Board members (excluding the Chairman of the Board of Directors)**

The remuneration of a director who is not an external director, an independent director<sup>5</sup> or a Chairman of the Board, shall be determined pursuant to the provisions of the Consolidated Circular.

The remuneration of the Company's external directors and independent directors shall be determined in accordance with the provisions of the

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<sup>5</sup> Where such concerns a director obtaining remuneration.

Companies Regulations (Rules Regarding Outside Director Remuneration and Expenses), 5760 - 2000 (the “**Remuneration Regulations**”).

The directors shall also be entitled to reimbursement of expenses pursuant to the Remuneration Regulations and pursuant to the law.

The remuneration of other directors shall not exceed the remuneration of the external directors, and this except for the Chairman of the Board in respect of whom the remaining provisions of the remuneration policy shall apply, subject to the provisions of the law.

#### **10.2.3. Reimbursement of Foreign Directors’ Expenses**

In return for the expenses associated with the arrival in Israel of a director residing outside Israel (“**Foreign Director**”) for the purpose of participating in board and/or board committees’ meetings and/or work meetings, the Foreign Director shall be entitled to reimbursement of 100% of business class airfare as well as to reimbursement of 100% of the expenses of a three-nights’ stay at a hotel. In the event where the duration of the sessions/meetings held as part of a specific trip will be more than one day, the duration of stay shall be the same as the number of days during which such sessions and meetings are held plus two days. The Company, given the approval of the Chairman of the Board, shall be entitled to fund a longer stay at a hotel, so far as such a stay may save the Company flight expenses exceeding the cost of the additional stay (for example, should the Foreign Director be invited to two meetings within a few days). Additionally, the Foreign Director shall be entitled to reimbursement of 100% of the expenses of food, beverage and accommodation as part of his stay in Israel. The total expense the Company shall bear per one day in respect of a stay at a hotel, food, beverages and accommodation shall not exceed NIS 2,000, plus VAT. Additionally, the Foreign Director shall be entitled to full reimbursement of travel expenses in Israel directly related to his participation in meetings/sessions as aforementioned. Reimbursement of the expenses specified above shall be subject to presentation of receipts or invoices indicating payment of those expenses in practice (provided the Company will not pay such expenses directly to the supplier). The Compensation Committee shall receive a report from the Company, once a year, on such expenses borne by the Company.

#### **10.3. Details of Benefits and Related Components Constituting Part of the Fixed Remuneration**

10.3.1. The Company Officers (including the CEO and Chairman of the Board) may be entitled as part of the terms of their employment to social terms

and benefits pursuant to the law and the customary practice at the Company or in accordance with the Company's procedures, including vacation up to the limit of 30 days annually (and in any event the permitted limit of accumulation of vacation days shall not exceed the scope of 3 annual quotas), sick days, convalescence pay, advanced education fund, pension fund, provident fund, management insurance, work disability insurance, welfare activities as customary at the Company (such as: holiday gifts, vacation, participation in summer camp and daycare expenses, etc.).

- 10.3.2. Fringe benefits according to their rank as customary at the Company or pursuant to the Company's procedures, which may be embodied by the Company for tax purposes, such as a full reimbursement of car, communications and phone expenses (grossed up to the full value of use), reimbursement of accommodation expenses, travel expenses (including abroad), parking expenses, diem expenses and additional benefits that may be determined in accordance with the customary practice at the Company and pursuant to the Company's set internal procedures regarding eligibility to such reimbursements.<sup>6</sup>

#### **10.4. Limits of Remuneration of Officers (Including Directors and Chairman of the Board)**

The limits for the components of remuneration of an Officer or Key Position Employee (including Chairman of the Board) (for one calendar year) shall be the remuneration limits under law, including pursuant to Section 2(b) of the Officeholders Remuneration Law, meaning up to 35 times the remuneration paid for the calendar year prior to the relevant year to the employee with the lowest salary in the Company, including contractor personnel as provided in Section 2(b) of the Officeholders Remuneration Law, linked to the rise in the CPI (to the extent permitted under law). All based on a full time position of the Officer (or the Key Position Employee) and a full time employee with the lowest salary in the Company. In this regard, it should be noted that the remuneration for calculation of the limits shall not include wage tax, contributions to pension and severance pay under law, and that the Company shall be entitled to bear the cost of the excess expense for taxes resulting from the Officeholders Remuneration Law due to the cost of such remuneration.

#### **11. Principles for Determining the Annual Bonus**

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<sup>6</sup>This policy does not set out a limit for reimbursement of expenses an Officer is entitled to as aforementioned.

11.1. Subject to the Company's compliance with the prerequisites for the annual bonus specified below, an Officer may be entitled to an annual bonus, comprised of a Measurable Annual Bonus component ("Measurable Annual Bonus") and an Discretionary Annual Bonus component ("Discretionary Annual Bonus"). The Measurable Annual Bonus and the Discretionary Annual Bonus shall be referred to herein collectively as the "Annual Bonus".

11.2. The eligibility of an Officer to the Annual Bonus is contingent upon the Company's compliance with the two following conditions during the year for which the eligibility to the Annual Bonus is examined (the "Annual Bonus Prerequisites"): (1) The Company's Return on Equity Index (as defined in Section 11.4 below) is equal to or higher than 4%; and (2) compliance with the Solvency Ratio Index (as defined in Section 11.4 below) as of the date of the last publication of this index prior to the relevant date of payment of the Annual Bonus.

**11.3. Discretionary Annual Bonus:**

An Officer may be entitled to a Discretionary Annual Bonus, subject to the CEO's recommendation<sup>7</sup> (except in respect of the CEO himself) and subject to the approval of the Compensation Committee and the Board of Directors. The Discretionary Annual Bonus shall not exceed for any Officer, including the CEO, the scope of the Officer's three months' salary.

**11.4. Measurable Annual Bonus:**

11.4.1. The Measurable Annual Bonus shall be calculated for each Officer based on objectives to be determined in respect of each relevant year and may include quantitative objectives at the Company or Group level ("Company Indexes") and personal objectives (including department objectives).

11.4.2. The entitlement to the Measurable Annual Bonus shall include at least three objectives at the Company level or the Group specified in Section 11.4.4 below.

11.4.3. The weight of the objectives that take into account risk levels shall not fall beneath 25% of the total entitlement.

11.4.4. Following is the specification of objectives at the Company level, all or part thereof shall be integrated in the determination of the entitlement to the Measurable Annual Bonus component:

The "Financial Solvency Ratio Index" - this ratio shall be calculated in accordance with the "Solvency II Based Financial Solvency of an

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<sup>7</sup> Notwithstanding that stated in Section 11.3, the annual Bonus per Discretion for the internal auditor shall be subject to the recommendation of the Chairman of the Audit Committee and Chairman of the Board, and following, the approval of the Compensation Committee and the Board of Directors.

Insurance Company" circular or other circular that may replace it, and shall be set as the ratio between the tax-deductible capital available to the Company and the solvency capital requirements (SCR), and taking into consideration the capital actions carried out until the first publication of this ratio, and all depending on the deployment period that had been set out by the Capital Market Authority. This index shall be calculated according to the last publication date of this index prior to the date of examination of the entitlement to the Measurable Annual Bonus.

The "**Share Yield Index**" - an index that shall examine the difference between the "**Total Share Yield**" (as defined below) of the share of the Company whose shares are traded on the Tel Aviv Stock Exchange (the "**Stock Exchange**") compared to the yield of the" TA-Insurance Index "(which is calculated and published by the Stock Exchange), deducting the impact of the Company's share yield on the index. This index shall be calculated based on a weighted three-year measurement.<sup>8</sup>

The "**Total Shareholder Return**" (TSR) - meaning the yield for the Company's shareholders during the performance measurement period, including dividends distributed during this period.

It should be clarified that the Company's share prices and closing rates of the "**TA-Insurance Index**" upon commencement and expiration of the measurement period shall be calculated based on the average of 15 trading days ending on these dates.

The "**Company's Return on Equity Index**" - the Company's overall profit due to return on the Company's weighted total equity, as calculation of the return on equity shall be conducted in respect of the calendar year for which the remuneration shall be granted.

**"Other Insurance Companies' Return on Equity Index"** – Comparison to the overall profit due to return on the weighted total equity of the other four leading traditional insurance companies in Israel, as calculation of the return shall be conducted in the manner of weighted three-year measurement.

11.4.5. For each measurable quantitative objective a minimal performance threshold and a maximal performance bar shall be determined.

11.5. In any event, the amount of the Annual Bonus shall not exceed in respect of an Officer, including the CEO, the scope of 12 months' salary, and for an Officer

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<sup>8</sup> In the event where the employment of an officer shall terminate prior to the lapse of the second or third year of the three-year measurement period, the index shall be calculated in a weighted manner on the basis of the officer's actual period of employment.

serving in control and monitoring functions, the scope of the Officer's 10 months' salary.

11.6. In any event, for each Officer, the total varying remuneration components based on discretion shall not exceed the Officer's three months' salary in respect of any year.

## 12. **Bonus due to a Special Contribution and/or Special Event**

The Board of Directors shall be entitled, per its discretion and upon the approval of the Compensation Committee, to approve a bonus for an Officer due to a special contribution or a special event (such as: a change of control of the Company, leading a significant transaction, leading a significant optimization plan, leading any process or event significant for the Company, etc.), at the scope not to exceed the cost of the Officer's 6 month' salary. A bonus granted pursuant to this Section shall be in addition to the limits stated in Section 11.5 above.

## 13. **Special Discretionary Bonus**

Subject to that provided in Section 11.6 above, in the event where the Company shall not meet the prerequisites for the Annual Bonus, as provided in Section 11.2 above, the Board of Directors shall be entitled, per its discretion and following the approval of the Compensation Committee, to grant an Officer a special bonus, at the scope not to exceed the cost of the Officer's 3 months' salary.

## 14. **Signing Bonus**

The Board of Directors shall be entitled to approve a signing bonus to a new Officer in the Company in respect of his first year of work at the Company, provided that the signing bonus shall be granted in a one-time manner upon signing the employment agreement and at the scope not to exceed the cost of the Officer's 3 months' salary ("**Signing Bonus**"). The Signing Bonus may be contingent on a minimum employment period not to exceed one year.

## 15. **Varying Equity Remuneration**

15.1. Subject to the approval of the Company's authorized organs and/or of a company held, directly or indirectly, by the Company (an "Affiliate"), if equity exercisable into such Affiliate's shares is issued, the Officers may be entitled to an annual Varying Equity Remuneration dependent on performance, subject to a vesting period of at least 3 years, in respect of which no social contributions will be made, which shall be granted in the form of equity remuneration instruments that may be exercised or converted into ordinary shares of the Company or an Affiliate (for example, options or restricted shares, provided that such equity instrument shall be share-based) ("**Varying Equity Remuneration**"). Subject to applicable law, the Varying Equity Remuneration shall be granted pursuant to a capital gain track under Section 102 of the Income Tax Ordinance.

15.2. The scope of the Varying Equity Remuneration of an Officer (including the CEO) (in terms of fair value on the grant date) in respect of any year (calculated linearly

over the vesting years) shall not exceed the scope of cost of the Officer's 6 months' salary.

15.3. The objectives setting the entitlement to such a Varying Equity Remuneration shall be based on one or more of the objectives specified in Section 11.4.4, while possible adjustment of the performance and entitlement ranges. In case of issuance of equity for shares of an Affiliate, the objectives may vary from the objectives set forth in Section 11.4.4. or adjusted, as needed.

## **16. Reduction or Cancellation of Varying Components**

Upon the occurrence of the following circumstances, the Compensation Committee and the Board of Directors shall be entitled to decide per their discretion, with respect to each of the Officeholders, on reduction or cancellation of the varying component in respect of a given year:

- (1) In order to maintain the Group's stability and strength its equity.
- (2) Failure of the Group to meet its targets in general or regarding policyholders' funds saved through it in particular.
- (3) Negative performance of the Group and the savings' funds managed through it.
- (4) Ensuring compliance with the Group's risk management policy and compliance provisions.

The conditions upon the occurrence of which the Board of Directors shall consider reducing or eliminating the aforementioned varying Components shall include, inter alia:

- Reduction of the Company's bonds' rating;
- Significant active deviations from the limitations imposed by the Board of Directors on risk management;
- Significant deviations from compliance provisions.

## **17. Deployment and Payment of the Varying Component**

Payment of varying components shall be subject to deferral arrangements including the following terms:

17.1. At least 50% (55% in respect of the CEO and 52.5% in respect of a VP) of the varying component for an Officer in respect of a particular year shall be deferred and deployed linearly over a period of three consecutive years. However, in the event where in a given year the amount of remuneration granted to an office shall not exceed the limit for payment as defined in Section 32(17) under the Income Tax Ordinance (New Version), 5721 - 1961, and the sum of the varying component shall not exceed 40% of the cost of the fixed component paid to such an Officer for a full year, the Company shall not defer payment thereof. The deferred component shall be linked to the rise in the CPI and may bear linkage and interest in the rate to be determined by the Board of Directors up to the date of actual payment thereof.

- 17.2. Termination of employment shall not lead to early payment of a deferred remuneration component.
- 17.3. Entitlement to the deferred component in each calendar year shall be contingent upon the Company's compliance with the following two prerequisites (hereinafter: the "**Prerequisites for Payment of the Deferred Component**"):
  - 17.3.1. Meeting by Phoenix Insurance Ltd. of the required capital for suspenseful circumstances as defined in the "Solvency II Based Financial Solvency of an Insurance Company" (according to the last report prior to the date of payment), unless the Compensation Committee and Board of Directors shall believe that failure to meet this requirement is the result of an exogenous and significant event that affected the general insurance industry in Israel.
  - 17.3.2. Meeting the financial standards of the Company's bond series 5 (or other bond series that may be issued in its place) as of the lapse of the year preceding the date of payment.  
The standards that had been set out as part of the bond series 5 deed of trust are as follows:
    - (a) Equity not less than NIS 3.2 billion during two consecutive quarters.
    - (b) Net Financial Debt ratio to Total Assets not to exceed 50% during two consecutive quarters.  
"Net Financial Debt" - the Company's undertakings in respect of bonds and loans from banks and financial corporations, which are not corporations within the Phoenix Group (the Company and its subsidiaries) and deducting cash, cash equivalents and other current investments pursuant to the Company's non-consolidated report.  
"Total Assets" - the total assets included in the Company's non-consolidated report.
  - 17.3.3. Payment of any deferred component shall be contingent upon meeting the Prerequisites for Payment of the Deferred Component during the year in which the deferred component is paid. In the event where a deferred component had not been paid in a particular year due to failure to meet the Prerequisites for the Payment of the Deferred Component (in this Subsection: the "**First Year**"), it shall be paid during the following year (in this Subsection: the "**Second Year**"), should the Prerequisites for Payment of the Deferred Component be met during the Second Year. In the event where the Prerequisites for Payment of the Deferred Component will not be met during the Second Year as well, the Officer's entitlement to the deferred component for the First Year shall expire.

17.3.4. It should be clarified that in the event where a deferred component shall not be paid, the other deferred components, which are to be paid on consecutive dates, shall not be canceled and shall be subject to meeting the aforementioned prerequisites during the following years.

## 18. **Clawback of a Varying Component**

18.1. An Officer shall return to the Company sums he had been paid as a varying component, as part of the terms of his service in office and his employment (“**Clawback**”), and so at the terms to be determined and upon the occurrence of very exceptional circumstances.

18.2. Without derogating from any remedy available to the Company under law, the Compensation Committee and the Board shall determine the terms and circumstances for executing Clawback, including the sums of Clawback or rates of Clawback suiting various types of circumstances, which shall include, at least, the following:

- a. Sums had been paid to the Officer based on data that have proven to be erroneous and re-presented in the Company’s financial statements or of a provident fund managed by it.
- b. Sums had been paid to the Officer considering a risk level proven as significantly not reflecting the Company’s exposure in practice or of policyholders’ funds saved through it;
- c. Determination of the Compensation Committee that the Officer had been involved in conduct that inflicted Exceptional Damage on the Company or policyholders’ funds saved through it, including: fraud or other illegal activity, breach of fiduciary duty, intentional violation or gross negligence disregard of the institutional entity’s policy, its rules and procedures.

For the purposes of this Section, “**Exceptional Damage**”, including a significant financial expense due to penalties or sanctions imposed on the Company by competent authorities under law or per a judgment, arbitration ruling, settlement agreement and the like, exceeding 5% of the Company's equity during the year such cost had become known.

18.3. The Compensation Committee shall determine whether circumstances for Clawback had occurred as aforementioned and the sum of Clawback; the sum of Clawback shall be determined considering, *inter alia*, the position holder’s responsibilities, his powers and the extent of his involvement.

18.4. In respect of an Officer, except the CEO, determined by the Compensation Committee as having a significant effect on the circumstances specified in Sections 18.2 (a) - (b) above, such sums may be offset from the sum of the varying components that had not been yet paid to the Officer, should there be any.

18.5. The Company shall take the measures available to it, under the circumstances, including legal measures, for return of sums that are required to be returned pursuant to this Section.

18.6. Sums paid to an Officer shall be recoverable for the period of five years following the date of granting the varying component, including in respect of deferred components (the “**Clawback Period**”). However, the Clawback Period in respect of a varying component that had been paid to an Officer as defined in the Companies Law, shall be extended for two additional years, should the Compensation Committee determine during the Clawback Period that circumstances requiring Clawback had occurred, as specified below:

- a. The Company had initiated internal investigation proceedings regarding a substantial failure;
- b. Should the Company learn that a competent authority, including a competent authority abroad, had initiated an administrative investigation procedure or criminal investigation against the Company or its Officers.

18.7. Reporting to the Commissioner

- a. The Company shall report to the commissioner on the occurrence of circumstances for Clawback pursuant to the aforementioned within 30 business days following such a determination. The Compensation Committee’s protocol shall be attached to the report.
- b. The Company shall report to the Commissioner at the end of each calendar year on the measures it had taken for Clawback of sums and sums that had been returned, had any such be taken or returned, as applicable.

18.8. Notwithstanding the foregoing, should the total varying remuneration sum that had been granted to the Officer in respect of a calendar year not exceed 1/6 of the cost of the fixed component that year, it shall not be required to exercise the Clawback mechanism on the varying component in respect of that year.

19. Hedging Arrangements

The Company shall require its Officers to refrain from forming personal hedging arrangements negating the impacts of sensitivity to risk inherent in their remuneration, and the Officers shall sign an undertaking in respect of this matter within the personal employment agreement or an appendix to such agreement.

20. Terms of Retirement for Officers (including the CEO)

20.1. Termination of employment due to retirement (not for a Cause)

The Compensation Committee and Board of Directors (subject to the approvals required under law) shall determine as part of the Officer’s terms of remuneration the payments that shall be paid to the Officer upon termination of the employer-employee relations (“**Remuneration due to Retirement**”), beyond the severance pay under law (including arrangements pursuant to Section 14 of the Severance Pay Law, 5723 - 1963) in the scope and subject to the terms specified below. In respect of Officers, the scope of Remuneration due to Retirement exceeding the scope customary in respect of the Company’s employees (“**Excess Retirement**

**Remuneration”**), shall be deemed a varying component and all of the relevant provisions applying to varying components shall apply to it. It should be clarified for this matter, that the provisions of this Section shall not apply to rights accrued for a Key Position Employee up to July 1, 2014.

20.2. **Advance Notice Period**

The advance notice period for an Officer shall not exceed 9 months during which he may be required to continue serving in his office at the Company. Subject to the approvals required by law, it may be that the Officer will be entitled to obtain all or part of the remuneration components specified in this policy during the advance notice period as well. The Company shall be entitled to waive the Officer’s work in practice during the advance notice period, or part thereof, without compromising the Officer’s right to the full terms of remuneration, or part thereof, during this period (or redemption thereof).

20.3. The terms specified in this policy shall apply in respect of any Remuneration due to Retirement, whether such is a special retirement bonus, adjustment bonus or non-competition bonus. It should be clarified that a deferred payment as set out in Section 16 above, paid after termination of employer-employee relations is not considered to be “Remuneration due to Retirement”.

20.4. Without derogating from the provisions of Section 20.2 above, Remuneration due to Retirement shall not exceed the cost of the Officer’s 6 months’ total remuneration (fixed and varying components).

20.5. Entitlement to Excess Retirement Remuneration shall be subject to meeting the following terms:

20.5.1. Over the 3 years preceding the year of retirement there had been no deviation from the capital required by the Commissioner of the Capital Market and Insurance from the Phoenix Insurance Ltd, taking into account the period of deployment and capital actions until the publication of the Company’s Financial Solvency Index for the relevant date as defined in section 11.4.4 above, unless the Compensation Committee and the Board of Directors shall believe that failure to comply with this requirement is the result of an exogenous and significant event that affected the general insurance industry in Israel.

20.5.2. Over the 3 years preceding the year of retirement there had been no deviation from the financial standards of the Company’s bond series 5 as specified in Section 16.3 above (or other bond series that may be issued in its place).

20.5.3. For each year during which one of the conditions noted above shall not be met, over the 3 years preceding the year in which the Officer shall retire, the entitlement to Excess Retirement Remuneration shall be reduced in a linear

manner (meaning reduction of one third in respect of each year during which the conditions shall not be met).

- 20.6. The Excess Retirement Remuneration of an Officer shall be subject to a deferral arrangement after the date of termination of employment, for a minimal period of three years in a linear manner and subject to meeting prerequisites identical to those defined for the varying component (as specified in Section 16.3 above).
- 20.7. Notwithstanding the foregoing, should the sum of the Excess Retirement Remuneration not exceed 3 fixed salaries, it shall not be required to defer payment thereof for 3 years.

## 21. **Description of Insurance, Indemnification and Exemption Arrangements**

The directors, Officers and other Key Position Employees (hereinafter for the purposes of this Section: “**Officers**”) shall be entitled to be included in an Officers’ liability insurance arrangement the Company shall purchase for all of the Officers serving in office and that had served in office at the Company and its subsidiaries (hereinafter jointly: the “**Group**”) and the Officers serving in office or that had served in office at the Company’s related companies on behalf of the Company and/or on behalf of its subsidiaries from time to time, and subject to the approvals required by law. The coverage limit (the liability limit under the policy) shall not exceed USD 220 million<sup>9</sup> plus reasonable legal costs in accordance with Section 66 of the Insurance Contract Law, 5741-1981 per an event and total for the insurance period. The policy may include coverage for the Company itself due to claims pursuant to the securities laws, and in this regard a provision shall be added regarding the order of priorities according to which the Officers’ and directors’ right to obtain insurance compensation shall precede the Company’s right pursuant to the coverage for the Company as aforementioned. Additionally, the Company shall be entitled to purchase, per its discretion, a Run Off insurance policy for the Officers for a period not to exceed seven years, at the coverage scopes noted above.

The Officers shall be entitled to deeds of indemnification, subject to the provisions under law, at the scope of up to 25% of the Company’s equity.

The Officers shall be entitled to deed of exemption in advance pursuant to the Companies Law, and subject to the format to be approved by the General Meeting. The deeds of exemption granted pursuant to this policy shall not apply to a resolution or transaction in which the controlling shareholder of the Company or Officer in it (also an Officer other than the one for whom the deed of exemption is granted) has a personal interest.

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<sup>9</sup> As of today the coverage cap is up to USD 120 million.

It is hereby clarified that the aforesaid shall not derogate from the Company's ability to grant a deed of indemnification and/or exemption also to employees who are not Key Position Employees per its discretion and subject to the law.

**Appendix B – Article of Association – track changes**

ARTICLES OF ASSOCIATION

OF

THE PHOENIX HOLDINGS LIMITED

1. In these Articles, unless the context otherwise requires : -  
"THE COMPANY" means THE PHOENIX HOLDINGS LTD.  
"THE COMPANIES ORDINANCE"  
or "THE ORDINANCE" means the Companies Ordinance as amended from time to time, or any other law replacing same and the amendments thereof.  
"MAN", "PERSON" or "PERSONS" including a company, a body or society of persons, whether incorporated or not.  
"THE OFFICE" means the registered office of the Company for the time being.  
"THE REGISTER" means the Register of shareholders kept under section 29 of the Ordinance.  
"IN WRITING" means handwriting, printed, typewritten, lithography, photocopied, or in any other legible form.  
"LEGALLY INCOMPETENT" within the meaning of the Legal Capacity and Guardianship Law, 1962, as amended, including a minor who has not yet reached the age of 18 years, a lunatic and a bankrupt in respect of whom no Order of Discharge has been issued.

"YEAR" or "MONTH" of the Gregorian Calendar.

Expressions herein contained shall have the same meaning as in the Companies Ordinance defined. Words importing the singular shall include the plural. Words importing the plural shall include the singular and words importing the masculine gender shall include the feminine.

2. The regulations contained in Table A in the Third Schedule of the Companies Ordinance shall not apply to the company.

Shares

3. None of the funds of the company shall be applied in the purchase of or in lending on shares of the company. The above shall not constitute any forbiddance to carry on dealings which are not prohibited by section 98 of the Companies Ordinance.
4. If by the conditions of allotment of any shares, the whole or part of the amount or issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the company by the person who for the time being

and from time to time shall be the registered holder of the share, or his legal personal representatives.

5. (a) The shares shall be at the disposal of the Directors and they may (subject to the provisions of the Companies Ordinance), allot, grant options over, or otherwise dispose of them to such persons on such terms and conditions and at such times as they think fit, but so that no share shall be issued at a discount, except in accordance with the provisions of the Companies Ordinance.
- (b) Subject to the provisions of the Companies Ordinance, the Directors may pay a commission or underwriting fee to any person for subscribing or agreeing to subscribe or procuring subscriptions to any shares, debentures or other securities of the Company. The Directors may in any case of issue of securities of the Company, subject to the provisions of the Companies, pay a brokerage. The said brokerage and commission fees may be paid in cash or in the shares of the Company, either fully or partly paid up, or in other securities issued by the Company, or in any other way, or partly in one way and partly in another way.
6. The company may make arrangements on the issue of shares for a difference between the holders of such shares, in the amount of calls to be paid and the time of payment of such calls.
7. The joint holders of a share shall be severally as well as jointly liable for the payment of all instalments and calls due, in respect of such share.
8. Save as herein otherwise provided, the Company shall be entitled to treat the registered holder of any share, as the absolute owner thereof, and accordingly shall not be bound (except as ordered by a Court of competent jurisdiction or as by statute required) to recognise any equitable or other claim to or interest in such share, on the part of any other person.

### Certificates

9. The certificates of title to shares stock or debenture stock or representing any other form of security, (other than letters of allotment or scrip certificates) shall be prepared and delivered in accordance with the provisions of Section 94 of the Companies Ordinance 1929 and shall be issued under the Seal of the company and bear the signatures of one or more Directors and the Secretary. Such signatures shall be done autographically, or applied mechanically by a system of application controlled according to the instructions of the Directors.
10. Every share certificate shall specify the denoting number of the shares in respect of which it is issued and the amount paid up thereon.
11. (a) If any share certificate be worn out or defaced then upon production thereof to the Directors, they may, if they think fit order the same to be cancelled and a new share certificate to be issued in lieu thereof.

- (b) any share certificate be lost or destroyed then upon proof thereof to the satisfaction of the Directors and on such indemnity as the Directors deem adequate being given a new share certificate in lieu thereof may be given to the party entitled to such lost or destroyed certificate.
- (c) An amount as may be determined by the Directors from time to time shall be paid to the Company for every share certificate issued under this Article.

### **Calls**

- 12. (a) The Directors may from time to time by resolution make such calls as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively and not by the conditions of allotment thereof made payable at fixed times and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Directors. A call may be made payable by instalments.
- (b) A call shall be deemed to have been made when the resolution of the Directors authorising such call was passed. Proof of the resolution is sufficient evidence of the call.
- 13. At least fourteen days' notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid. Before the time for payment the Directors may, by notice in writing to the members, revoke the call or extend the time for payment.
- 14. If a sum called in respect of a share or instalment is not paid until the day appointed for payment thereof, the holder of the share in respect whereof the sum has been called or the instalment is due shall pay interest at such rate as the Board of Directors may from time to time determine, from the day appointed for payment thereof to the time of actual payment. The Board of Directors shall be at liberty to waive payment of such interest, wholly or in part.
- 15. The Board of Directors may, if they think fit, receive from any member willing to advance some or any part of the moneys due upon the shares held by him beyond the sums actually called for, and may, upon the amounts so paid or satisfied in advance as hereinabove provided by this Article, pay interest at such rate as the Board of Directors may fix.  
The Board of Directors may at any time repay the amount so advanced, wholly or in part, if they think fit.

### **Forfeiture and Lien**

- 16. If any member fail to pay any call or instalment on or before the day appointed for the payment of the same the Directors may at any time thereafter during such time as the call or instalment remains unpaid serve a notice on such member requiring him to pay the same together with any interest that may

have accrued and all expenses that may have been incurred by the company by reason of such non-payment.

17. The aforesaid notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or instalment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed the shares in respect of which the call was made or instalment is payable will be liable to be forfeited.
18. If the requisitions of any such notice as aforesaid are not complied with proceedings may be taken by the Directors to enforce payment of the call or instalments interest and expenses due in respect thereof or any shares in respect of which such notice has been given may at any time thereafter before payment of all calls or instalments interest and expenses due in respect thereof be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.
19.
  - (a) Any shares so forfeited shall be deemed to be the property of the company and the Directors may sell re-allot or otherwise dispose of the same in such manner as they think fit and carry the proceeds of such sale to such fund or account as they may think fit.
  - (b) If the proceeds of sale of a share so forfeited and sold are more than sufficient to pay all calls and interest and expenses due thereon the surplus shall be paid to the forfeiting member or his legal personal representative.
  - (c) A certificate in writing signed by two Directors and countersigned by the Secretary to the effect that a share has been forfeited on the grounds and at a time specified shall be conclusive evidence of the facts therein stated as against all persons who would have been entitled to the share but for the forfeiture.
20. The Directors may at any time before any shares so forfeited shall have been sold re-allotted or otherwise disposed of annul the forfeiture thereof upon such conditions as they think fit.
21. Any member whose shares have been forfeited shall notwithstanding be liable to pay and shall forthwith pay to the company all calls instalments interest and expenses owing upon or in respect of such shares at the time of forfeiture together with interest thereon from the time of forfeiture until payment at such rate as the Board of Directors may from time to time determine and the Directors shall enforce the payment of such moneys or any part thereof if they think fit but shall not be under any obligation so to do.
22. The company shall have a first and paramount lien upon all the shares (not being fully paid up shares) registered in the name of a member or of several members for his or their joint debts liabilities and engagements to or with the

company whether the period for the payment fulfilment or discharge thereof shall have actually arrived or not and no equitable interest in any share shall be created except upon the footing and conditions that Clause 8 hereof is to have full effect. Such lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed the registration of a transfer of shares shall operate as a waiver of the company's lien (if any) upon such shares.

23. For the purpose of enforcing such lien the Directors may sell the shares subject thereto in such manner as they think fit but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member his executors or administrators and default shall have been made by him or them in the payment fulfilment or discharge of such debts, liabilities or engagements for seven days after such notice.
24. The net proceeds of any such sale shall be applied in or towards satisfaction of the debts liabilities or engagements and the residue (if any) paid to such member his executors, administrators or assigns.
25. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given the Directors may nominate any person to execute a transfer in favour of the purchaser and may cause the purchaser's name to be entered in the register in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings or to the application of the purchase-money and after his name has been entered in the register in respect of such shares the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the company exclusively.

#### **Transfer and Transmission of Shares**

26. The instrument of transfer of any share shall be signed both by the transferor and transferee and shall be duly stamped and shall contain the name address and occupation of the proposed transferee and the consideration for the transfer and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the register in respect thereof.
27. The instrument of transfer of any share shall be in writing in the usual common form or in any other form approved by the Directors.
28. The Directors may decline to register any transfer of shares not fully paid up may without assigning any reason refuse to register a transfer to a transferee of whom they do not approve. If they refuse to register any transfer they shall send to the transferee notice of the refusal.
29. Every instrument of transfer shall be left at the office for registration accompanied by the certificate of the shares to be transferred and such other evidence as the company may require to prove the title of the transferor or his right to transfer the shares. When a member transfers only a part of the shares in respect of which he is holder of a share certificate, he shall surrender the

said Share Certificate in exchange of a new Share Certificate in respect of the above shares retained by him.

30. All instruments of transfer which shall be registered shall be retained by the company but any instrument of transfer which the Directors may decline to register shall on demand be returned to the person depositing the same.
31. A reasonable fee, as may be determined by the Board of Directors from time to time may be charged for the registration of each transfer or other document evidencing the title to shares and shall if required by the Directors be paid before the registration thereof.
32. The transfer books and register of members may be closed during such time as the Directors think fit not exceeding in the whole thirty days in each year.
33.
  - (a) The executors or administrators of a deceased member (not being one of several joint holders) shall be the only persons recognised by the company as having any title to the shares registered in the name of such member notwithstanding any specific request or disposition thereof.
  - (b) In the case of the death of any one or more of the joint holders of any shares the survivors shall be the only persons recognised by the company as having any title to or interest in such shares.
34. Any person becoming entitled to shares in consequence of the death or bankruptcy of any member upon producing such evidence that he sustains the character in respect of which he proposed to act under this clause or of his title as the Directors think sufficient may with consent of the Directors (which in the case of shares not fully paid up they shall not be under any obligation to give) be registered as a member in respect of such shares or may subject to the regulations as to transfers hereinbefore contained transfer such shares. This clause is hereinafter referred to as "the transmission clause".
35.
  - (a) The Directors cannot be required to permit executors or administrators to transfer a share till the probate of the will or the letters of administration to the estate of the deceased or a document sufficient in law to evidence such probate or letters of administration has or have been submitted to the Directors and the Directors may require all the executors who have proved the will or all the administrators who have taken out letters of administration to join the transfer.
  - (b) Any member who changes his or her name or address or being a female married shall immediately give notice thereof in writing at the Office and shall in such notice state his or her new name and address and it shall be lawful for the Directors to require such proof of the change of name and of marriage respectively as they may think fit.

### Share Warrants to Bearers

36. ~~[Erased](a) The company, with respect to fully paid up shares, may issue warrants (hereinafter called "share warrants"), stating that the bearer is entitled to the shares therein specified and may provide by coupons or otherwise for the payment of dividends on the shares included in such warrants.~~

~~The Directors may determine and from time to time vary, the conditions upon which share warrants shall be issued, and in particular the conditions upon which a new share warrant or coupon will be issued in the place of one worn out, defaced, lost or destroyed, or upon which a share warrant may be surrendered, and the name of the bearer entered in the register in respect of the shares therein specified. The bearer of a share warrant shall be subject to the conditions for the time being in force, whether made before or after the issue of such share warrant.~~

~~(b) A share warrant shall entitle the bearer to the shares included in it, and such shares shall be transferred by the delivery of the share warrant and the provisions of these Articles with respect to transfer and transmission of shares shall not apply thereto.~~

~~(c) The bearer of a share warrant may at any time deposit the warrant at the office or at any other place, if any, indicated by the directors, and after the expiration of two clear days from the time of deposit and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company, and of attending and voting and exercising the other privileges of a Member at any meeting held, as if his name were inserted in the Register as the Holder of the shares included in the deposited warrant.~~

~~Not more than one person shall be recognised as depositor of a share warrant.~~

~~Upon prior notice in writing of two days the Company shall return to the depositor the share warrant deposited by him.~~

~~(d) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend, or vote or exercise any other privilege of a Member at a meeting of the Company and shall not be entitled to receive any notices from the Company.~~

~~But the bearer of a share warrant shall be a member of the Company and entitled in all other respects to the same privileges and advantages as if he were named in the Register as the holder of the shares included in the warrant.~~

### Stock

37. The Company in General Meeting may convert any paid up shares into stock and may convert any stock into paid up shares of any denomination. When any shares have been converted into stock the several holders of such stock may

thenceforth transfer their respective interests therein or any part of such interests in the same manner and subject to the same regulations as and subject to which shares in the Company's capital may be transferred or as near therein as circumstances will admit. But the Directors may from time to time if they think fit fix the minimum amount of stock transferable and direct that fractions of a pound shall not be dealt with, but with power nevertheless at their discretion to waive such rules in any particular case.

38. The stock shall confer on the holders thereof respectively the same privileges and advantages as regards participation in profits and voting at meetings of the Company and for other purposes as would have been conferred by shares of equal amount in the capital of the Company of the same class as the shares from which such stock was converted, but so that none of such privileges or advantages, except the participation in profits of the Company, or in the distribution of the assets of the Company, shall be conferred by any such aliquot part of stock as would not if existing in shares have conferred such privileges or advantages. No such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted. Save as aforesaid all the provisions herein contained shall so far as circumstances will admit apply to stock as well as to shares.

#### **Increase Reduction and Alteration of Capital**

39. The company in general meeting may from time to time by special resolution increase the capital by the creation of new shares of such amount as may be deemed expedient.
40. The new shares shall be issued upon such preferred or deferred rights or redemption rights or any other special rights, or upon such limitations as the general meeting resolving upon the creation thereof shall direct, and failing such direction, as shall be resolved by the Directors.
41. (a) The shareholders shall not have any preemption-right over future allotments of shares in the Company.  
(b) The Company will avoid private placements of shares, securities convertible to shares or options for purchasing shares to a shareholder holding 5% or more of the allotted share capital. If the Company will want to allot shares as aforesaid the Company will have to allot such rights to all shareholders. In case of allotment of rights to all shareholders the Company will be able to allot shares or other securities of one type only or to allot other securities of the same kind held by the shareholders or convertible for the said type.

The aforesaid will not prevail on the allotment of shares or securities convertible for shares against consideration in assets and it shall also not prevail on an offer to the public, including the Company's employees, to purchase shares under a prospectus.

42. Except so far as otherwise provided by the conditions of issue or by these Regulations any capital raised by the creation of new shares shall be considered part of the present capital and shall be subject to the provisions herein contained with reference to the payment of calls and instalments transfer and transmission forfeiture lien surrender and otherwise.
43. The company may from time to time by special resolution reduce its capital by paying off capital or cancelling capital which has been lost or is unrepresented by available assets or reducing the liability on the shares or otherwise as may seem expedient or reduce any capital redemption reserve fund and capital may be paid off upon the footing that it may be called up again or otherwise. The company may also by special resolution subdivide or consolidate its shares or any of them into shares of smaller or larger amount or cancel any shares not taken or agreed to be taken by any person.
44. If at any time the share capital is divided into different classes of shares, the rights attached to the shares of any class (unless otherwise provided by the terms of issue of the shares of that class), may be varied, modified or abrogated with the consent in writing of the holders of all the issued shares of that class, or with the sanction of an Extraordinary Resolution passed at a separate General Meeting of the holders of the shares of the class.  
To every such separate General Meeting the provisions of these Articles relating to General Meeting shall apply mutatis mutandis but so that the necessary quorum shall be two persons at least holding or representing by proxy not less than one-third of the issued shares of that class.

### **Borrowing Powers**

45. (a) The Directors may from time to time at their discretion raise or borrow any sums of money for the purpose of the Company, and secure the repayment thereof and of any other moneys for the time being owed by the Company in such manner and upon such terms and conditions in all respects as they think fit.
- (b) The Directors may whenever they think fit, give guarantees, securities and bonds of any class whatsoever which, in the opinion of the Directors, is conducive to the interests of the Company, and they may issue debentures, debenture stock, promissory notes and bills of exchange, capital notes and deposit certificates of any class, securities of any class convertible into other securities of any class, and mortgage, and change the undertaking and/or the whole or part of the property of the Company, both present and future (including its uncalled capital for the time being and its called but unpaid capital), whether by way of a floating charge or a specific charge.

### **Debenture Register**

46. The register of any debentures or debenture stock of the company may be closed during such time as the Directors think fit not exceeding in the whole thirty days in each year.

### **General Meeting**

47. (a) The statutory general meeting of the company shall be held within the period required by Section 62 of the Companies Ordinance.
- (b) General Meetings shall be held once in every year at such time (not being more than fifteen months after the date of the last preceding meeting) and place as may be prescribed by the company in general meeting or if no time or place is so prescribed at such time and place as may be determined by the Directors.
- (c) The above-mentioned general meetings shall be called "Ordinary General Meetings" and all other meetings of the company shall be called "Extra-ordinary general meetings".
48. The Directors may whenever they think fit, convene an extraordinary general meeting, and the Directors shall, on the requisition of members in accordance with the Companies Ordinance, forthwith proceed to convene an extraordinary General Meeting.

### **Proceedings at General Meetings**

49. Fourteen days' notice, or, in the event of Special Resolution, Twenty-one days' notice at the least, exclusive of the day on which the notice is served but inclusive of the day for which notice is given specifying the place the day and the hour of meeting and in case of special business the general nature of that business shall be given in manner hereinafter mentioned or in such other manner if any as may be prescribed by the company in general meeting to such persons as are under the regulations of the company entitled to receive such notices from the company but the non-receipt of the notice by any member shall not invalidate the proceedings at any general meeting. It shall be unnecessary to give notice of a general meeting by advertising the same in a newspaper, this subject to the provisions of Article 115.
50. The business of an ordinary general meeting shall be to receive and consider the revenue accounts the profits and loss account the balance sheet and the documents required by law to be annexed thereto including the reports of the Directors and of the Auditors to elect Directors in the place of those retiring by rotation and to fix their remuneration to appoint Auditors for the year ensuing and to fix their remuneration to declare a dividend and to transact any other business which under these Regulations ought to be transacted at an ordinary general meeting. All other business transacted at an ordinary general meeting and all business transacted at an extraordinary general meeting shall be deemed special.
51. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Save as herein otherwise provided a quorum shall be formed when there are present personally or by proxy three members holding between them at least one third of the voting power of the Company.

52. If within half an hour from the time appointed for the meeting a quorum is not present the meeting shall stand adjourned to the same day in next week at the same time and place and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting two members present personally or by proxy shall be a quorum.  
Such adjourned meeting shall not consider any matter other than matters that were on the agenda of the adjourned meeting of which the adjournment took place.
53. The Chairman if any of the Board of Directors or any other person nominated for the purpose by the Board of Directors, shall preside as Chairman at every general meeting of the company. If there is no such Chairman or if at any meeting he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as Chairman the members present shall choose some one of their number to be Chairman.
54. The Chairman may with the consent of any meeting at which a quorum is present and shall if so directed by the meeting adjourn the meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
55. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is before or on the declaration of the result of the show of hands demanded by one or more members present in person or by proxy, and unless a poll is so demanded a declaration by the Chairman that a resolution has on a show of hands been carried or carried unanimously or by a particular majority or lost and an entry to that effect in the book of the proceedings of the company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against that resolution.
56. If a poll is duly demanded it shall be taken in such manner as the Chairman directs and the results of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.  
In case of any dispute as to the admission or rejection of a vote, the chairman shall determine the same and such determination made in good faith shall be final and conclusive.
57. In the case of an equality of votes whether on a show of hands or on a poll the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled second or casting vote.

58. A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the Chairman of the meeting directs.

**Votes of Members**

59. Subject to any special conditions as to voting rights with which shares may be issued or held for the time being, every member present in person or by proxy shall have on a show of hands one vote, and on a poll every member present in person or by proxy, shall have one vote for each share held by him, subject to the provisions as hereinafter provided.

60. (a) Any person entitled under the transmission clause to transfer any shares may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares provided that not less than forty-eight hours before the time of holding the meeting at which he proposes to vote he shall satisfy the Directors of his rights to transfer such shares or the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

(b) A member of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy may vote whether on a show of hands or on a poll by his committee curator bonis or other person in the nature of a committee or curator bonis appointed by that Court and such committee curator bonis or other person may on a poll vote by proxy.

61. (a) Where there are joint registered holders of any shares any one of such persons may vote at any meeting either personally or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy that one of the said persons whose name stands first in the register in respect of such shares shall alone be entitled to vote in respect thereof.

(b) Several executors or administrators of a deceased member or any other persons entitled under the transmission clause to transfer any shares shall for the purpose of this clause be deemed joint holders.

62. (a) The instrument appointing a proxy shall be in writing signed by the appointor or his attorney or if such appointor is a corporation under its common seal or the hand of its attorney.

(b) The instrument appointing a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof shall be deposited at the Office not less than forty-eight hours before the time for holding the meeting or adjourned meeting (as the case may be) for which the proxy is given.

63. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or the transfer of the share in respect of which the vote is given unless an intimation in writing of the death revocation or transfer (authenticated to the satisfaction of the Directors) shall have been received at the Office at least one hour before the meeting, provided that the Chairman of the meeting may also accept during the meeting a notice of revocation if he deems it expedient in view of the reasons causing the delay in serving such notice.
64. An instrument appointing a proxy may be in the following form or in any other form which the Directors shall approve.

Company, Limited.

"I of being a member  
of the Company, Limited, hereby  
appoint of as my proxy to vote for me  
and on my behalf at the (ordinary or extraordinary  
as the case may be) general meeting of the Company  
to be held on the day of  
and at any adjournment thereof."

Signed this day of ."

65. No member shall be entitled to be present or vote on any question either personally or by proxy at any general meeting or be counted in a quorum in respect of any share on which any call or other sum is payable to the Company.
66. Any corporation which is a member of the company may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the company or of any class of members of the company and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the company.

## Directors

67. (a) The number of the Directors shall not be less than three nor more than ninetwelve.

(b) The Directors shall have power at any time and from time to time to appoint any person as a Director either to fill a casual vacancy or as an addition to the board but so that the total number of Directors shall not at any time exceed the maximum number fixed as above. Any Director so appointed shall hold office only until the next ordinary general meeting of the company in which Directors are to be elected and shall then be eligible for re-election.

68. The remuneration of the Directors shall from time to time be determined by the company in general meeting.

69. The continuing Directors may act notwithstanding any vacancy in their body as long as there remains a majority of their total number and not less than three. If the number of Directors in office shall at any time be reduced to less than the above mentioned minimum, they shall continue to constitute the board of directors of the Company with full power to act as Directors. However, they will diligently take the necessary steps to convene a general meeting at which all Directors shall retire and a new Board of Directors elected in accordance with Article 72.

70. The office of a Directors shall ipso facto be vacated: -

- (a) If without the sanction of a general meeting he accepts any other office or place of profit under the company except that of Managing Director Secretary Trustee or Receiver under or in respect of any mortgage or charge or other property of the company:
- (b) If he without being authorised by a general meeting accepts any office in any other Insurance Company in Israel: this, subject to the provisions of Article 71 (b).
- (c) If he become bankrupt or suspend payment or compound with his creditors:
- (d) If he be found lunatic or become of unsound mind:
- (e) If by notice in writing to the Company he resigns his office:
- (f) Upon his death.

71. (a) No Director shall be disqualified by reason of his office as Director from contracting with the company either as vendor purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the company in which any Director shall be in any way interested be avoided nor shall any Director so contracting or being so interested be liable to account to the company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or of the fiduciary relations thereby established but it is declared that the nature of his interest must be disclosed by him at the meeting of the Directors at which the contract or arrangement is first taken into consideration if his interest then exists or in any other case at the first meeting of the Directors after the acquisition of his interest and that no Director shall be a Director, vote in respect of any contract or arrangement in which he is so interested as aforesaid and if he do vote his vote shall not be counted but this prohibition shall not apply to any contract by or on behalf of the company to give to the Directors or any of them any security by way of indemnity and it may at any time or times be suspended or relaxed to any extent by a general meeting. A general notice that a Director is a member of any specified firm or company and is to be regarded as interested in all transactions with that firm or company

shall be a sufficient disclosure under this clause as regards such Director and the said transactions and after such general notice it shall not be necessary for such Director to give a special notice of any particular transaction with that firm or company.

(b) A Director of this company may be or become a Director of any other company in which this company may be interested as a shareholder or otherwise and no such Director shall be accountable for any benefits received as Director or member of any such company.

### **Election and Retirement of Directors**

72. The Directors shall be elected every other year, by an ordinary resolution to be adopted in the Annual General Meeting of the Company to be held that year.

Directors whose period of office has expired shall be eligible for re-election.

73. The company may by special resolution remove any Director before the expiration of his period of office and may by ordinary resolution appoint another person in his stead.

Such Director shall hold office until the following general meeting in which Directors are to be elected, and will be eligible for re-election.

74. If for any reason the annual general meeting have not elected new directors, the directors will remain in office until new directors are elected by an annual general meeting of the Company.

74A. Each director shall have the power to appoint by a written notice to the Board, one or more persons to be his alternate Director or Directors and may remove such alternate Director and appoint another Director Or Directors. Such alternate Director shall have all the rights and powers in respect of participation in the meetings of the Board, right of signature etc. as the Director appointing him. An alternate Director shall ipso facto cease to be an alternate Director if his appointer ceases to be a Director. The appointment of an alternate Director is subject to the approval of the Board.

### **Managing Directors**

75. The Directors may from time to time appoint one or more to be Managing Director or Managing Directors of the Company either for a fixed term or without any limitation as to period and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.

76. A Managing Director shall subject to the provisions of any contract between him and the Company, be subject to the same provisions as to resignation and removal as the other Directors of the Company, and if he ceases to hold the office of Director from any cause he shall ipso facto and immediately cease to

be a Managing Director, provided that the Directors shall have the power to appoint him to such other office as they may deem fit.

77. The Directors may from time to time entrust to and confer upon a Managing Director for the time being such of the powers exercisable under these Articles by the Directors as they may think fit and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they think expedient, and they may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.
78. The remuneration of a Managing Director shall, subject to any contract between him and the Company, be fixed by the Directors and may be by way of salary or commission or on participation in profits or by all or any of these modes. Notwithstanding the provisions of these Articles this right of the Directors is not transferable.

#### **Proceeding of Directors**

79. (a) The Directors shall meet together for the despatch of business at such intervals and on such stated days as they may determine and may adjourn and otherwise regulate their meetings and proceedings as they may think fit.  
(b) The Chairman or any two Directors may by notice in writing to the Secretary require a board meeting to be convened and thereupon the Secretary shall convene the same and state in the notice the purpose for which the same is convened.  
(c) The Directors may determine the quorum necessary for the transaction of business but until otherwise determined two Directors shall form the quorum for a board meeting.
80. Questions arising at any meeting shall be decided by a majority of votes and in case of an equality of votes the Chairman of the meeting shall have a second or casting vote.
81. (a) At the earliest convenient board meeting following the ordinary general meeting in which Directors have been elected, the Directors shall appoint one of their number to be Chairman who shall preside at all meetings at which he is present.  
(b) If at any meeting of the Directors the Chairman be not present at the time appointed for the meeting, the Directors then present shall choose one of themselves to take the chair at that meeting .  
(c) Every Chairman of the Directors shall be Chairman of the company.  
(d) The Directors may at any time remove the Chairman from office.

- (e) In the event of a vacancy arising at any time in the office of Chairman the Directors may appoint any other Director to be Chairman in his place.
- (f) In the event of no appointment to the office of Chairman being made each Director shall in rotation take the chair and preside at the meetings of the Directors.

82. A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities powers and discretions for the time being vested in or exercisable by the Directors by or under the regulations of the company.

83. (a) The Directors may appoint committees consisting of such members or member of their body as they think fit and delegate to such committees any of their powers. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Directors.

(b) The Directors may fill up any vacancy in a committee occasioned by death resignation or otherwise and may at any time add to the number of members of a committee or remove any member of a committee.

84. The meetings and proceedings of any such committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding clause.

85. All acts done at any meeting of the Directors or of a committee of Directors or by any person acting as a Director or under the authority of the Directors shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Directors or persons, acting as aforesaid, or that they or any of them were disqualified be as valid as if every such person had been duly appointed and qualified.

86. If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing abroad or otherwise for any of the purposes of the company, the company may remunerate such Director either by a fixed sum or otherwise, as may be determined by the Directors, and any such remuneration shall be in addition to the remuneration provided for in Clause 68.

**Minutes**

87. (a) The Directors shall cause minutes to be entered in proper books of the names of the Directors present at each board or committee of Directors and of all proceedings of boards of Directors and of committees of Directors and of general meetings of the members.

(b) Those minutes if appearing to be signed by the Chairman of the board committee or general meeting (as the case may be) or of the next succeeding board committee or general meeting are evidence of the matters therein stated.

**Powers of Directors**

88. The management of the business of the company shall be vested in the Directors and the Directors in addition to the powers and authorities by these regulations expressly conferred upon them may exercise all such powers and do all such acts and things, as may be exercised or done by the company and as are not hereby or by statute directed or required to be exercised or done by the company in general meeting but subject nevertheless to the provisions of the statutes and of these regulations and to any regulations from time to time made by the company in general meeting, provided that no such regulation shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

89. Without prejudice to the general powers conferred by the last preceding clause and so as not in any way to limit or restrict those powers and without prejudice to the other powers conferred by these regulations it is hereby expressly declared that the Directors shall have the following powers that is to say power : -

- (a) To appoint and at their discretion, remove or suspend such managers, secretaries, actuaries, physicians, surgeons, solicitors, officers, clerks, agents and servants for permanent temporary or special services as they may, from time to time, think fit and to determine their duties and powers and fix their salaries or emoluments and grant them or their widows or children pensions of compensation or retirement or partial retirement, and to require security in such instances and to such amount as they think fit and, subject to the provisions of law and of these Articles, to delegate to any person so appointed any of the powers, authorities and discretion's for the time being vested in the Directors and to annul or vary any such delegation;
- (b) To accept from any member on such terms and conditions as shall be agreed a surrender of his shares or any part thereof;
- (c) To institute, conduct, defend, compound or abandon any legal proceedings by and against the company or its officers or otherwise concerning the affairs of the company, and also to compound and allow time for payment or satisfaction of any debts due to and of any claims or demands by or against the company;
- (d) To make and give receipts releases and other discharges for money payable to the company and for the claims and demands of the company;
- (e) To give to any officer or other person employed by the company a commission on the profits of any particular branch or class of business

of the company and such commission shall be treated as part of the working expenses of the company;

- (f) To enter into all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts, deeds and things, in the name and on behalf of the company, as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purposes of the company;
- (g) to establish any special or other reserve funds and to maintain increase or diminish any existing reserve funds on such terms and to such amount as they may think fit.

### **The Seal**

90. The seal shall not be affixed to any instrument except by the authority of a resolution of the directors, and the signatures of any person or persons appointed from time to time by the directors for that purpose either generally or for a particular occasion, together with a rubber stamp shall bind the Company.

### **Reserve**

91. The Directors may before recommending any dividend set aside out of the profits of the Company such sums as they think proper as a reserve fund to meet contingencies or for equalizing dividend and for such other purposes as the Directors shall in their absolute discretion think conducive to the interests of the company and may invest the several sums so set aside upon such investments, other than shares of the Company, as they may think fit, and from time to time deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company and may divide the reserve fund into such special funds as they think fit and employ the reserve fund or any part thereof in the business of the Company and that without being bound to keep the same separate from the other assets.

### **Dividends on Shares**

92. The profits of the Company, subject to any rights conferred on other classes of shares for the time being issued, shall be divisible amongst the holders of the ordinary shares of 1 New Israeli Shekel each, in proportion to the amount of capital paid up or credited as paid up on the nominal value of the shares held by them respectively on such date as the Directors declaring the dividend may determine.

All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the nominal value of the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is allotted on other terms, these provisions shall be superseded by such other terms.

93. The Directors may declare a dividend to be paid to the Members according to their rights and interests in the profits and may fix the time for payment.
94. canceled.
95. No dividend shall be payable except out of the profits of the company and no dividend shall carry interests as against the company.
96. The Directors declaring a dividend may resolve that such dividend be paid wholly or in part by the distribution of specific assets and in particular of paid-up shares. Debentures or debenture stock of any company or in any one or more of such ways.
97. The Directors may resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the reserve fund or in the hands of the Company and available for dividend or representing premiums received on the issue of shares and standing to the credit of the share premium account be capitalised and distributed among such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such shareholders in paying up in full - either at par or at such premium as the resolution may provide - any unissued shares or debentures or debenture stock of the Company which shall be distributed accordingly - or in or towards payment of the uncalled liability on any issued shares or debentures or debenture stock and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum.

The shares to be distributed as bonus - shares, will be of the same class or classes as the shares accommodating their holder to such bonus - shares.

98. The General Meeting declaring the distribution of bonus shares may, upon the recommendation of the Directors direct that the Company shall set aside to a special fund formed for the distribution of bonus shares in the future such an amount as its capitalisation shall suffice to allot, to any person who shall then for any reason have the right to purchase shares in the Company (including a right exercisable only on a later date), bonus shares in such nominal amount as would have been due to him if he had exercised the right to purchase the shares before the date determining the right to receive the bonus shares (herein called "the Determining Date") at the price of the right prevailing for the time being. For the purpose of determining the nominal value of the bonus shares which would have been due to the holder of the right as aforesaid, any amount set aside to the said special fund in respect of previous distributions of bonus shares, shall be deemed as if already capitalised and applies in allotting shares conferring upon the holders of the right to acquire shares in the Company, the right to bonus shares. If the holder of the said right shall, after the determining date, exercise his right to purchase the shares or any part thereof, the Company shall, by an appropriate capitalisation out of the said special fund, allot to him bonus shares in such nominal amount as would have been due to him if he had,

before the determining date, exercised the right to purchase the shares which he has in fact purchased.

99. For the purpose of Article 97 the members entitled in respect of any share warrants to the benefit of any such capitalisation as aforesaid shall be deemed to be the persons ascertained in accordance with the provisions of this Article and the following shall have effect with regard to the allotment and issue upon any such capitalisation of any shares or debentures attributable to the shares comprised in any share warrants : -

- (a) The Directors may allot and issue to nominees or a nominee to be appointed by them for the purpose all shares or debentures which may be attributable to the shares comprised in any share warrants and may confer upon any such nominees or nominee power, or may give them or him directions, with regard to the realisation of any shares or debentures so allotted for the purpose of facilitating distribution or otherwise as the Directors may deem expedient, and any such allotment and issue as aforesaid, shall be deemed to constitute satisfaction to the persons entitled in respect of share warrants, to the benefit of any such capitalisation.
- (b) For the purpose of ascertaining the persons entitled in respect of share warrants to the benefit of any such capitalisation the Directors shall publish an advertisement once in at least two Israel daily news - papers, stating the effect of the Resolution for capitalisation and the method of application of the capitalised sum and specifying the serial number of a dividend coupon to be presented, and upon the presentation of a coupon of that serial number at the place stated in the advertisement, the person presenting and delivering up the same shall be entitled to the benefit of the said capitalisation in respect of the shares comprised in the share warrant to which such coupon belonged. The Directors may further by such advertisement fix a time (not being less than six months after the publication of the advertisement) after which any unclaimed shares or debentures may be sold by the said nominees or nominee, and any person thereafter presenting a coupon of the serial number so specified in the advertisement shall be entitled only to receive the net proceeds of sale and any interest received in respect thereof.
- (c) The Company and the nominees or nominee shall be entitled to recognise an absolute right in the person presenting in manner aforesaid any coupon of the serial number stated in the advertisement to the benefit of the capitalisation so far as attributable to the shares comprised in the share warrant to which such coupon belonged, and the delivery of such coupon shall be a good discharge to the Company and the nominees for the transfer to the person delivering the same of any shares or debentures attributable to the shares comprised in such share warrant or (as the case may be) the payment of the net proceeds of sale thereof.

100. For the purpose of giving effect to any resolution under the preceding articles of this chapter, the Directors may settle any difficulty which may arise in regard to the distribution as they think expedient and in particular may issue fractional certificates and may fix the value for distribution of any specific assets and may determine that cash payments shall be made to any members upon the footing of the value so fixed or that fractions, of less value than IL. 1.- may be disregarded in order to adjust the rights of all parties and may vest any such cash or specific assets in trustees upon such trusts for the persons entitled to the dividend or capitalised funds as may seem expedient to the Directors. Where requisite a proper contract shall be filed in accordance with Section 93 of the Companies Ordinance and the Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalised fund and such appointment shall be effective.
101. The Directors may retain any dividends on which the company has a lien and may apply the same in or towards satisfaction of the debts liabilities or engagements in respect of which the lien exists
102. The Directors may retain the dividends payable upon shares in respect of which any person is under the transmission clause entitled to become a member or which any person under that clause is entitled to transfer until such person shall become a member in respect of such shares or shall duly transfer the same.
103. In case several persons are registered as the joint holders of any share any one of such persons may give effectual receipts for all dividends and payments on account of dividends in respect of such share.
104. A transfer of shares shall not pass the right to any dividend thereon declared to be payable to members on the register at a date previous to the registration of the transfer.
105. Unless otherwise directed any dividend may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled or in case of joint holders to that one of them first named in the register in respect of the joint holding.

### Accounts

106. The Directors shall cause books and accounts to be kept in accordance with the provisions of any applicable law for the time being in force.
107. The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the company or any of them shall be open to the inspection of members not being Directors and no member not being a Director shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Directors or by the company in general meeting.

### **Audit**

108. Auditors shall be appointed and their duties regulated in accordance with the regulations of any applicable law for the time being in force.

### **Notice**

109. A notice may be given by the Company to any member either personally or by sending it by post to him to his registered address or if he has no registered address in Israel to the address supplied by him to the company for the giving of notices to him ; where a notice is sent by post service of the notice shall be deemed to be effected by properly addressing prepaying and posting a letter containing the notice and delivery shall be deemed to have been effected at the time at which the letter would be delivered in the ordinary course of post, and in any case, not later than three days from the day on which the letter containing the notice is delivered at the post-office, provided that when a notice is sent abroad, not later than seven days from the date as aforesaid.

110. If a member has no registered address in Israel and has not supplied to the company an address for the giving of notices to him a notice addressed to him and advertised in a daily newspaper circulating in Israel shall be deemed to be duly given to him on the day on which the advertisement appears.

111. A notice may be given by the company to the joint holders of a share by giving notice to the joint holder named first in the register in respect of the share.

112. A notice may be given by the company to the persons entitled to a share in consequence of the death or bankruptcy of a member by sending it through the post in a prepaid letter addressed to them by name or by the title of representatives of the deceased or trustee of the bankrupt or by any like description at the address if any in Israel supplied for the purpose by the persons claiming to be so entitled or until such an address has been so supplied by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.

113. Notice of every general meeting shall be given in some manner here in before authorised to : -

- (a) Every member of the company except those members who having no registered address within Israel have not supplied to the company an address for the giving of notices to them; and also to
- (b) Every person entitled to a share in consequence of the death or bankruptcy of a member who but for his death or bankruptcy would be entitled to receive notice of the meeting;

no other persons shall be entitled to receive notice of general meetings.

114. Notice to holders of bearer's shares shall be published in two daily newspapers circulating in Israel.

115. Any notice on behalf of the company or of the Directors is sufficient if bearing the name of the Secretary. The signature to any notice to be given by the company may be written or printed.

### **Winding Up**

116. Subject to any rights conferred on other classes of shares for the time being issued, in the event of winding-up of the Company, the surplus assets of the Company available for distribution after payment of all its liabilities, shall be distributed among the holders of ordinary Shares of one Israeli Pound each, and the Ordinary Shares of five Israeli Pounds each, in proportion to the amounts paid-up or credited as paid-up on the nominal value of these shares at the commencement of the winding up.

117. If the Company shall be wound up, the liquidator may, with the sanction of an Extraordinary Resolution, divide among the contributories in specie or kind any part of the assets of the Company and may with the like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them as the liquidator with the like sanction shall think fit.

### **Indemnity**

118. Every Director, Managing Director or officer of the Company or any person (whether an officer of the Company or not) employed by the Company as Auditors shall be indemnified out of the funds of the Company, against all liability incurred by him as such Director, Managing Director, Officer or Auditor in defending any proceedings whether civil or criminal in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 78 of the Companies Ordinance, in which relief is granted to him by the Court.

### **ביטוח ושיפוי**

#### **119. ביטוח**

החברה תהא רשאית להתקשר בחזקת לביטוח אחריות נושא משרה בה, בשל חבות שתוטל עליו עקב פעולה שעשה בתוקף היומו נושא משרה בכל אחד מהלא:

(1) הפרת חובה זהירות כלפי החברה או כלפי אדם אחר.  
(2) הפרת חובה אמוניים כלפי החברה, ובלבך שנושא משרה פעל בתום לב והוא לו יסוד סביר להניח שהפעולה לא תפגע בטובת החברה.  
(3) חבות כספית שתוטל על נושא משרה לטובת אדם אחר.  
(4) חבות כספית שהוטלה על נושא משרה בשל תלומים לנפגע הפרה כאמור בסעיף 52(א)(1) לחוק ניירות ערך תשכ"ח-1968 (להלן: "חוק ניירות ערך") או בשל הוצאות שהוציא נושא משרה בקשר עם הליך מנהלי (כהגדתו בתקנה 4(3) להלן) שהתנהל בעניינו, לרבות הוצאות התדיינות סבירות, ובכלל זה שכר טרחת עורך דין.

(5) כל חבות נספת שתוטר על פי דין.  
לענין סעיף זה "נושא משרה" בהתייחס להגדרה זו בחוק החברות, תשנ"ט-1999 ובחוק ניירות ערך, התשכ"ח-1968 (לרבות הגדרת "נושא משרה בכירה" בחוק זה) וכן בהתייחס לכל חוק אחר החל ואו שיחול על נושא משרה בעת מילוי תפקידים בחברה ו/או בעת כהונתם בתאגיד אחר, מטעם החברה.

(1) שיעור מראש

החברה תהא רשאית לתת התchieיות מראש לשפטות נושא משרה בה, בשל חבות או הוצאה כמפורט בסעיף קטן (3) להלן.

(2) שיעור בדייעבד

החברה תהא רשאית לתת התchieיות מראש לשפטות נושא משרה בה בדייעבד בשל חבות או הוצאה כמפורט בסעיף קטן (3) להלן.

(3) החברה רשאית לשפטות נושא משרה בה בהתאם כאמור בסעיפים קטנים (1) עד (5) להלן, בשל חבות או הוצאה שהוטלה עליו עקב פעולה, שעה בתקופת היוותו נושא משרה בה, כאמור להלן :

1. חבות כספית שהוטלה עליו לטובת אדם אחר על פי פסק דין, לרבות פסק דין שנייתן בפשרה או פסק בורר שאושר על ידי בית המשפט; ואולם התchieיות מראש לשיפוי בגין חבות כספית תוגבל לסוגי אירועים, שלדעת הדירקטוריון ניתן לצפותם בפועל לאור פעילות החברה, בעת מתן התchieיות לשיפוי, ולסוכום או לאמת מידת שהדירקטוריון קבע, כי הם סבירים בסביבות העניין ושבהתchieיות מראש לשיפוי יצינו האירועים שלדעת הדירקטוריון צפויים לאור פעילות החברה בפועל בעת מתן התchieיות וכן הסוכום או אמת המידה אשר הדירקטוריון קבע כי הם סבירים בסביבות העניין. סכום השיפוי המרבי שתשלם החברה לכל נושא משרה בגין חבות כספית בהתאם לתקנה (3) 1 (בנוסף ומעבר לכל סכום שיתקבל, אם יתקבל, מחברת ביטוח, בגין פוליסט הביטוח שביטהה בה החברה את נושא משרה שלא) לא עלה במצטבר על 25% מההון העצמי של החברה לפי דוחותיה הכספיים האחוריים של החברה שפורסמו סמוך לפני מתן השיפוי בפועל.

2. הוצאות התדיינות סבירות, לרבות שכר טרחת עורך דין, שהוצאה נושא משרה או שחייב בהן ידי בית משפט, בהליך שהוגש נגדו בידי החברה או בשם או בידי אדם אחר, או באישום פלילי שמננו זוכה, או באישום פלילי שבו הורשע בעבירה שאינה דורשת הוכחת מחשבה פלילית.

3. הוצאות התדיינות סבירות, לרבות שכר טרחת עורך דין, שהוצאה נושא משרה עקב חקירה או הליך שהתנהל נגדו בידי רשות המוסמכת לנHAL חקירה או הליך, ואשר הסתויים ללא הגשת כתוב אישום נגדו ובלי שהוטלה עליו חבות כספית כחלופה להליך פלילי, או שהסתויים ללא הגשת כתוב אישום נגדו אך בהטלת חבות כספית כחלופה להליך פלילי בעבירה שאינה דורשת הוכחת מחשבה פלילית או בקשר לעיצום כספי. בסעיף קטן זה: "סיום הליך ללא הגשת כתוב אישום בעניין שנפתחה בו חקירה פלילתית" ו- "חבות כספית כחלופה להליך פלילי" – כהגדרתם בסעיף 260(א)(א) לחוק החברות, תשנ"ט-1999 (להלן: "חוק החברות"), כפי שייתוקן מעת לעת.

4. תשולם לנפגע הפרה כאמור בסעיף 52נ(א)(א) לחוק ניירות ערך, או בשל הוצאות שהוצאה נושא משרה בקשר עם הליך מנהלי שהתנהל בעניינו, לרבות הוצאות התדיינות סבירות ובכלל זה שכר טרחת עורך דין.

"הליך מנהלי" - הליך לפי פרק ח' 3 (הטלת עיצום כספי בידי הרשות), פרק 4 (הטלת אמצעי אכיפה מינהליים בידי ועדת האכיפה המינהלית) או פרק ט' 1 (הסדר להימנעות מנקיות הלילכים או להפסקת הלילכים, המונתנית בתנאים) לחוק ניירות ערך; הליך לפי פרקים י', י' 1 ו-י' 1 לחוק השקעות משותפות בנאנות, התשנ"ד – 1994; הליך לפי פרקים ז', ז' 2 ו-ח' 1 לחוק הסדרת העיסוק ביעוץ השקעות, בשיווק השקעות ובניהול תקיק השקעות, התשנ"ה-1995; וכן, הליך לפי פרק ט' 1 לחוק הפיקוח על שירותים פיננסיים (bijtow), התשנ"א-1981 ולפי פרק ח' לחוק הפיקוח על שירותים פיננסיים (kopotot gam), התשס"ה-2005; הליך לפי סימן ד' לפרק הרבעי לחילוק התשייע לחוק החברות; הליך לפי פרק ז' 1 לחוק התחרות הכלכלית תשמ"ח-1988; הליך לפי חוק להגברת האכיפה של דיני העבודה, תשע"ב-2012; ובכפוף לכל דין, כל הליך

דומה לאלה, יהיה שמו אשר יהיה, בין אם על פי דין קיים ובין אם יחולק בעtid, בהיקף, באירועים ובתנאים שנקבעו באותו הדין. לעניין זה, יראו את הוראות תקנו החברת המתירה שיפוי בגין הליך מנהלי כאמור לעיל, כחלה גם על כל הליך מנהלי בהתאם לדין שיחוק בעtid, למעט הליכים שלא ניתן לשופות בגיןם על פי דין.

5. כל חבות או הוצאה אחרת שתותר בשיפוי על פי דין.

לענין סעיף זה "נושא משרה" בהתאם להגדלה זו בחוק החברות, תשנ"ט-1999 ובחוק ניירות ערך, התשכ"ח-1968 (לרובות הגדרת "נושא משרה בכירה" בחוק זה) וכן בהתאם לכל חוק אחר החל ואו שיחול על נושא המשרה בעת מילוי תפקידם בחברה ו/או בעת כהונתם בתאגיד אחר, מטעם החברה.

## 121. פטור

החברה תהא רשאית לפטור מראש ו/או בדיעד נושא משרה בה מأחריותו, כולה או מಕצתה, בשל נזק עקב הפרת חובת זירות לפיה, למעט עקב הפרת חובת זהירות בחלוקת כמשמעותה בחוק החברות ולמעט בקשר עם החלטה או עסקה שלבעלי השליטה או לנושא משרה כלשהו בחברה (גם נושא משרה אחר מזה שעבورو מוענק כתוב הפטור) יש בה עניין אישי.

121א'. אין בכונת ההוראות דלעיל, ולא יהיו בהן, כדי להגביל את החברה בכל דרך שהיא לעניין התקשרותה בחזווה ביטוח ו/או לעניין שיפוי ו/או לעניין פטור.

- (1) בקשר למי שאינם נושא משרה בחברה לרבות עובדים, קבליים או יועצים של החברה שאינם נושא משרה בה.
- (2) בקשר לנושאי משרה בחברה – במידה שהבイトוח ו/או השיפוי ו/או הפטור אינם אסורים במפורש לפי כל דין.

## תוקף פעולות אישור עסקאות

122. בכפוף להוראות חוק החברות, עסקה של החברה עם נושא משרה בה או עסקה של החברה עם אדם אחר שלנושא משרה בחברה יש בה עניין אישי, ואשר אינה עסקה חריגה, ייאושרו על ידי הדיקטוריון או על ידי ועדת הביקורת או על ידי ועדת ההשיקעות הרלוונטית עסקה (או על ידי רוב של הנציגים החיצוניים בועדת ההשיקעות) או על ידי נושא משרה בחברה שאין לו עניין אישי בעסקה, ואשר אין כפוף לנושא המשרה שיש לו עניין אישי בעסקה. למען הסר ספק, אישור כאמור לעיל יכול שייהי לסוג של עסקאות או של עסקה מסוימת.

**The Phoenix Holdings Ltd.**

**Voting Paper according to the Companies' Regulations (Written Voting and Position Announcements), 5766-2005**

**First Part**

1. **Company name:**

The Phoenix Holdings Ltd. (the “**Company**”)

2. **Type of General Assembly, date, time and place for its convening:**

Special General Assembly of the Company's shareholders (the “**Assembly**”). The Assembly shall be held on Thursday, January 5, 2023, at 17:00 at the Company's offices, at 53 HaShalom Road, 20<sup>th</sup> floor (the “**Company's Offices**”). If the Assembly is postponed, it shall then convene on Thursday, January 12, 2023 at the same place and time.

3. **The topics on the agenda, for which it is possible to vote via Voting Paper and a summary of the proposed resolutions:**

3.1 **Update of the Remuneration Policy for the years 2021-2023**

The main points of the Amendment of the Remuneration Policy are as follows:

Section 15 of the Remuneration Policy was updated in a way that will allow the granting of equity compensation for the shares of companies held by the Company, directly or indirectly, for Company's Officers, in addition to the possibility to grant an equity compensation for the Company's shares.

**Summary of the proposed resolution:** "To Approve the Amendment of the Remuneration Policy for Company's Officers in the version attached as Appendix A to the meeting summons report."

3.2 **Amendment to the Company's AOA**

It is hereby proposed to bring to the approval of the General Meeting a proposal to update the Company's AOA, the main points of which are as follows: 1. Amending the section regarding the composition of the BOD, so that the BOD will be comprised of up to maximum 12 directors; 2. The cancellation of the provision in the Company's AOA regarding the possibility of issuing bearer shares which was relevant in the past, during the period when the Mandatory Companies Ordinance came into force (before being replaced by the new Companies Law) and which is not in use.

The version of the AOA in track changes is attached as **Appendix B** to the meeting summons report.

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**Summary of the proposed resolution:** "Adopt the amendments to the Company's AOA in accordance with the version of the AOA attached as Appendix B to this meeting summons report."

4. The place and time where the full wording of the proposed resolutions may be reviewed:

The full wording of the proposed resolutions may be reviewed, concerning the Voting Paper and the position announcements (if there are any) at the Company's Offices, from Sundays to Thursdays during regular work hours, in prior coordination by dialing 03-7332997, and that, by the time of convening the Assembly. In addition, the Report to which this Voting Paper is attached, this Voting Paper and the position announcements (if there are any) as defined in section 88 of the Companies Law, 5759-1999 (the "**Companies Law**"), may be reviewed on the distribution website of the Securities Authority at <Http://www.magna.isa.gov.il/default.aspx> (the "**Distribution Website**") and on the website of the Tel Aviv Stock Exchange at <Http://maya.tase.co.il> (the "**Stock Exchange Website**")

5. The required majority for resolutions on the Assembly's agenda:

The required majority to approve the resolution specified in section 3.1 above is a simple majority of more than fifty percent (50%) of the votes of the shareholders who are present in the Assembly, who are entitled to vote and have voted therein, thus without considering the abstained votes and provided that one of the following holds true: (a) the count of majority votes at the General Assembly will include the majority of all of the votes of shareholders who are not the controlling shareholders of the Company or have a personal interest in the approval of the update to the remuneration policy, and are participating in the voting; in a count of votes of all such shareholders, abstained votes shall not be taken into account; or (b) the total number of opposing votes from among the shareholders referred to under paragraph (a) above shall not exceed the rate of two percent (2%) of the total voting rights in the Company.

The majority required to approve the resolution listed in section 3.2 above is a simple majority of more than fifty percent (50%) of the votes of the shareholders present at the meeting, who are entitled to vote and voted in it, and this without taking into account the votes of those who abstained.

6. The Effective Date for determining the shareholders' entitlement to participate and vote in the Assembly:

The effective date for determining the shareholders' entitlement to vote in the General Assembly according to section 182 of the Companies Law and according to Regulation 3 of the Companies' Regulations (Written Voting and Position Announcements), 5766-2005 is Thursday, December 8, 2022 (the "**Effective Date**").

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7. Validity of the Voting Paper:

The voting paper shall be valid only if the following documents are attached to it:

An unlisted shareholder<sup>1</sup> - an Ownership Approval as of the Effective Date (or if an Ownership Approval has been submitted to the Company via the Electronic Voting System up to the Date and Time the System is Locked, as specified below). A listed shareholder<sup>2</sup> - a copy of an I.D., passport or incorporation certificate.

The aforementioned Voting Paper, together with the documents specified above, shall be submitted to the Company up to four (4) hours prior to the General Assembly being convened. In this regard, the “submission date and time” is the date and time when the Voting Paper arrived with its attached documents to the Company's Offices.

Alternatively, an unlisted shareholder shall be entitled to submit to the Company an Ownership Approval via the Electronic Voting System up to the Date and Time the System is Locked (i.e., up to six (6) hours prior to the General Assembly being convened).

**A voting paper that has not been submitted according to the provisions of this section shall be invalid.**

8. The Company's address for the submission of Voting Papers and position announcements:

The Company's Offices at 53 HaShalom Road, Givatayim, 20<sup>th</sup> floor, Fax: 03-7238831.

9. Voting via the Electronic Voting System:

An unlisted shareholder is also eligible to vote by an electronic Voting Paper that shall be conveyed to the Company by the electronic voting system in accordance with Mark B of Chapter 7-2 of the Securities Law (the “**Electronic Voting System**” and an “**Electronic Voting Paper**”, accordingly). Voting by way of an Electronic Voting Paper shall be permitted from the end of the Effective Date and up to six (6) hours prior to the General Assembly's convening date (“**Date and Time the System is Locked**”), then the Electronic Voting System will be closed. Votes registered via the Electronic Voting System could be changed up to the Date and Time the System is Locked, and could not be changed after such date.

It should be noted that in accordance with section 83(D) of the Companies Law, should a shareholder vote in more than one manner, his/her most recent vote shall count, when

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<sup>1</sup> Any shareholder who holds shares of the Company via a Stock-Exchange member and those shares are included among the shares listed on the shareholders' registry in the Company's name for records.

<sup>2</sup> A shareholder who is registered on the Company's shareholders' registry.

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accordingly, a shareholder's vote by person or by proxy shall be deemed late to voting by way of a Voting Paper or an Electronic Voting Paper.

10. The deadline for submitting position announcements to the Company by the shareholders:

Up to ten (10) days prior to the Assembly being convened.

11. The deadline for submitting the BOD's response to the position announcement:

Up to five (5) days prior to the Assembly being convened.

12. URLs where the Voting Papers and the position announcements could be reviewed:

Distribution Website: <http://www.magna.isa.gov.il/default.aspx>.

The Stock Exchange Website: <http://maya.tase.co.il>.

13. Ownership approval:

An unlisted shareholder is entitled to receive the Ownership Approval from the stock-exchange member through whom he/she holds his/her shares, at the branch of the stock-exchange member or by mail to his/her address, if he/she requested it, provided such request on this matter shall be provided in advance to a specific securities account. Alternatively, an unlisted shareholder is entitled to instruct that his/her Ownership Approval shall be transferred to the Company via the Electronic Voting System until the Date and Time the System is Locked (as specified in section 8 above).

14. An unlisted shareholder is entitled to receive by email, a link to the Voting Paper's wording and the position announcements (as will be provided) on the Distribution Website, from the stock-exchange member through which he/she holds his/her shares in the Company, unless the shareholder has notified that he/she does not wish to receive such link or that he/she wishes to receive Voting Papers by mail while bearing the cost; the shareholder's notice in this regard will apply to receiving position announcements as well.

In addition, every shareholder is entitled to contact Attorney Elad Sirkis (via Fax: 03-7332163 and/or Email: [elads1@fnx.co.il](mailto:elads1@fnx.co.il)) and receive, for no cost, the wording of the Voting Paper, or, with his/her consent, a link to the wording of the Voting Paper on the Distribution Website, as well as the position announcements that were submitted to the Company, if any.

15. One or more shareholders, who hold shares at the rate of 5% or higher of the total voting rights in the Company, as well as any other individual who holds a similar rate as mentioned of the total voting rights, which are not being held by a controlling shareholder in the Company, as defined in section 268 of the Companies Law, is

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entitled, by person or by proxy on his/her behalf, after the General Assembly is convened, to review, at the Company's Offices and on regular work hours, the Voting Papers and voting records through the Electronic Voting System received by the Company, as detailed in Regulation 10 of the Companies Regulations (Written Voting and Position Announcements), 5781-2015. The Company's regular shares quota that form 5% of the total voting rights in the Company is 12,621,705 of the Company's regular shares. The Company's regular shares quota that form 5% of the total voting rights in the Company, which are not held by a controlling shareholder of the Company is 8,417,042 of the Company's regular shares.

16. After the publication of this Voting Paper, there may be changes to the agenda, including adding a topic to the agenda, and position announcements may be published. The updated agenda and position announcements may be reviewed, when published, on the Company's reports and on the Distribution Website.

A shareholder's request according to section 66(B) of the Companies Law to include a topic on the agenda of the General Assembly shall be submitted to the Company up to seven (7) days after the Assembly is summoned (a "**Shareholder's Request**"). Should the BOD find that a topic being requested by a shareholder for inclusion on the agenda is suitable for discussion in the General Assembly, the Company shall then prepare an updated agenda and a revised Voting Paper and will publish them no later than seven (7) days after the deadline for submitting a Shareholder's Request.

**A shareholder shall indicate his/her way of voting concerning any resolution on the agenda on the Second Part of this Voting Paper.**

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**The Phoenix Holdings Ltd. (the “Company”)**

**Voting Paper according to the Company's Regulations (Written Voting and Position Announcements), 5766-2005 (the “Regulations”)**

**Second Part**

**Company name:** The Phoenix Holdings Ltd.(the “Company”)

**The Company's address (for submitting and sending Voting Papers):** The Company's Offices at 53 HaShalom Road, Givatayim, 20<sup>th</sup> floor. Fax: 03-7238831.

**Company registration number:** 52-001745-0.

**The Assembly's date:** Thursday, January 5, 2023 at 17:00.

**Type of assembly:** Special General Assembly.

**The Effective Date:** Thursday, December 8, 2022.

**Shareholder's information:**

1. **Shareholder's name -** \_\_\_\_\_

2. **I.D. number -** \_\_\_\_\_

3. **If the shareholder does not hold an Israeli I.D. -** \_\_\_\_\_

**Passport number -** \_\_\_\_\_

**The country in which it was issued -** \_\_\_\_\_

**Valid through -** \_\_\_\_\_

4. **If the shareholder is a corporation -** \_\_\_\_\_

**Corporation registration number -** \_\_\_\_\_

**Country of Incorporation -** \_\_\_\_\_

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5. Is the shareholder a stakeholder,<sup>3</sup> a senior position holder<sup>4</sup> or an institutional investor<sup>5</sup>?

Yes / No

(If yes, specify: \_\_\_\_\_)

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3 A "Stakeholder" as defined in section 1 of the Securities Law, 5728-1968 ("**Securities Law**")

4 A "Senior Position Holder" – as defined in section 37(D) of the Securities Law.

5 An "Institutional Investor" - as defined in regulation 1 of the Oversight Regulations on Financial Services (Provident Funds) (Participation of an Administrative Company in a General Assembly), 5769-2009, as well as a director of a co-investments in trusteeship fund as defined in the Co-Investments in Trusteeship Law, 5754-1994.

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**Your Vote:**

<b>The topic on the agenda</b>	<b>Your Vote<sup>6</sup></b>			<b>Are you a controlling shareholder in the Company or a stakeholder<sup>7</sup></b>
	<b>In favor</b>	<b>Against</b>	<b>Abstained</b>	
<b>Yes</b>	<b>No</b>			
Approve the Amendment of the Remuneration Policy for Company's Officers in the version attached as <u>Appendix A</u> to the meeting summons report.				
To adopt the amendments to the Company's AOA in accordance with the version of the AOA attached as <u>Appendix B</u> to this meeting summons report .				

**For shareholders who hold shares via a Stock-Exchange member (according to section 177(1) of the Companies Law) - this Voting Paper is only valid with an Ownership Approval attached to it, except in cases where voting is made via the Electronic Voting System. For shareholders who are registered on the Company's shareholders' registry - the Voting Paper is valid with a copy of an I.D./passport/incorporation certificate attached to it.**

**Date:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

<sup>6</sup> Not marking any vote shall be deemed an absentee vote on that topic.

<sup>7</sup> A shareholder who does not fill in this column, his/ her vote will not be counted.