28 June, 2023

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 a Special General Assembly for the Company's Shareholders**

In accordance with the *Companies Law, 5759-1999* (the "**Companies Law**"), with the *Securities (Periodic and Immediate Reports) Regulations, 5730-1970* (the **"Reports' Regulations"**), and with the *Companies (Notice and Ad on General Assembly and Type Assembly in a Public Company and Adding a Topic to the Agenda) Regulations, 5760-2000* (the "**Notice and Ad Regulations**"), a notice is hereby given concerning the convening of a Special General Assembly of the Company's Shareholders (the **"Assembly"** or the **"General Assembly"**), which shall convene on Wednesday, August 2, 2023 at 17:00, at the Company's Headquarters located at 53 HaShalom Road, Giv'atayim, 20th floor (**"Company's Headquarters"**), for the purpose of making decisions on the topics on the agenda, as detailed below:

1. The topics on the agenda and the wording of the proposed decisions:

1.1. Topic No. 1 on the agenda: Updating the Company's Remuneration Policy

1.1.1. General

On October 22, 2020, the Company's General Assembly approved a Remuneration Policy for Company officials for a period of three (3) years, as of January 1, 2021, after discussions held in the Compensation Committee and the Company's BOD prior to the convening of the aforementioned Assembly, in which, inter alia, the appropriate compensation cap for the Company's office holders were examined and set forth (among other things, based on a comparison work conducted by an external party independent of the Company who examined caps of companies selected for the purpose of comparison in accordance with the set of characteristics of their activity - branch of activity, market value, scope of revenues and operational complexity).

Thereafter, on January 5, 2023, the Company's General Assembly approved an amendment to the aforementioned Remuneration Policy, the main point of which is providing the possibility of granting equity based compensation to Company officials in the companies held by the Company, directly or indirectly, in addition to the possibility to grant an equity based compensation for the Company's shares (**"Existing Remuneration Policy"**).

Following discussions held at the meetings of the Compensation Committee and the Company's BOD on June 25 and 27, 2023, respectively, in which a discussion was held to consider updating the Existing Remuneration Policy, so that it will be possible to grant equity based compensation to the directors of the Company, and in particular to the Chairperson of the Company's BOD, in respect of positions they play in the Group's companies which are not subject to supervision by the Capital Market, Insurance and Savings Authority (as specified in section 1.1.2 below), the Compensation Committee and the Company's BOD (respectively) approved, unanimously, the update of the Existing

Remuneration Policy (subject to the approval of the General Assembly, subject of this report), in the version attached as Appendix A to this Report (the **"Updated Remuneration Policy"**)[1].

The changes in the Compensation Policy as stated in this section 1.1 (subject to the approval by the General Assembly), shall be in effect from the date of approval of the aforementioned Assembly.

1.1.2. Highlights of the update in relation to the Existing Remuneration Policy[2]

1.1.2.1. Section 10.2 of the Updated Remuneration Policy - Adding the option of granting a variable compensation to a serving director of the Company which is held by the Company, directly or indirectly (in this section 1.1.2: **"Related Company"**), from that Related Company, in respect of his role therein;

1.1.2.2. Section 10.2.1 of the Updated Remuneration Policy - Adding the option for variable compensation to the Chairperson of the BOD, including equity based compensation (as specified in section 15 of the Updated Remuneration Policy), in a Related Company in which he serves and for a tenure in a Related Company as mentioned above, all subject to the provisions of the applicable law;

1.1.2.3. Section 15 of the Updated Remuneration Policy - The option of tying the indices for the purpose of granting equity based compensation to the shares of a Related Company, also for the performance of the Related Company.

1.1.3. Summary of the considerations and reasons for approving the Updated Remuneration Policy, as stated in the Compensation Committee and the Company's BOD

1.1.3.1. The Compensation Committee and the BOD believe that there is great importance in tying the compensation of the Company's officers (including directors, and among them the Chairperson of the BOD), to the long-term success of the Company's Related Companies in which the officers play a role and/or have an influence on the course of their business. Tying the performance of the officers and the performance of the Related Companies in such cases will assist in the business promotion and maximizing the value of the Related Companies, something that is expected to maximize the value of the Company's share, and therefore it is in the best interest of the Company and its shareholders. In addition, a good way to tie the performance of the officers with the performance of the Related Companies is through the granting of variable compensation and equity based compensation.

1.1.3.2. The Compensation Committee and the BOD believe that variable equity based compensation in Related Companies is an acceptable and appropriate tool, which ties the performance of the companies in which the directors serve and the compensation of the directors. The Compensation Committee and the BOD stated

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[1] The attached Updated Remuneration Policy is in Track Changes in order to reflect the changes made compared to the Existing Compensation Policy. It is hereby clarified that updating the Compensation Policy does not constitute an extension of the validity of the Existing Compensation Policy, and this will require approval in accordance with the provisions of the law, at the end of three (3) years from the date of its first approval as stated above. It shall also be clarified that insofar as the update to the Compensation Policy is not approved by the General Assembly, the Existing Compensation Policy will continue to be in effect until its expiration date.

[2] It is hereby emphasized that the detail in this section below constitutes a general description of the main essential changes, and it does not exhaust all the changes made in the Updated Remuneration Policy, and these are detailed in the Updated Remuneration Policy attached as Appendix A to this Report.

in their reasons that the granting of equity based compensation to the directors in accordance with the Compensation Policy is expected to be due to a tenure in companies that are not supervised by the Capital Market, Insurance and Savings Authority.

1.1.3.3. The Compensation Committee and the BOD stated that the equity based compensation, insofar as it is granted, will be limited in scope, in light of the fact that it will be subject in its terms to the caps and limitations in the Updated Remuneration Policy of the Company, in the instructions of the Capital Market, Insurance and Savings Authority's circulars, and in the *Compensation of Officers of Financial Corporations Law (Special Approval and Non Allowance of Expenses for Tax Purposes for Irregular Compensation), 5776-2016* (**"Compensation of Officers in Financial Corporations Law"**). Accordingly, the equity based compensation will be performance dependent and subject to spread, deferral, restitution and forfeiture arrangements.

1.1.3.4. For other related reasons, see also reasons in connection with the granting of variable equity based compensation to the Company's CEO and the Chairperson of the Company's BOD, as specified in sections 1.2.5 and 1.3.7 below.

1.1.4. The wording of the proposed decision:

"Approve the proposed update to the Company's compensation policy, in the version attached as Appendix A to this convention report, effective from the date of approval of the General Assembly".

1.2. Topic No. 2 on the agenda: Grant of options (non-tradable) to the CEO of the Company, Mr. Eyal Ben Simon

Mr. Eyal Ben Simon serves as the CEO of the Company as of June 2019 (and as CEO of The Phoenix Insurance Company Ltd., a wholly owned subsidiary of the Company (**"The Phoenix Insurance"**), as of May 2019), and the terms of his tenure and employment were approved by the Company's General Assembly on October 22, 2020, and detailed in Note 42.b.5 to the Company's consolidated financial statements for 2022, as published on March 23, 2023, as part of the 2022 Company's Periodic Report (Reference No.: 2023-01-026428) (**"2022 Company's Periodic Report"**). As part of Mr. Simon's positions and in addition to his tenure as CEO of the Company and The Phoenix Insurance, Mr. Simon also holds other positions in companies controlled by the Company, and among them also as a director at The Phoenix Investment House Ltd., a private subsidiary of the Company which is (indirectly) held by it at a rate of 88.4% (**"The Phoenix Investment House"**)[3].

Against the background of the Company's intention to grant (non-tradable) options of the Company to various employees and officers of the Company as stated below, and following the examination conducted in the Company regarding the option of granting equity based compensation in companies controlled by the Company by those companies to Company officials who hold a position and/or contribute to those companies, it was decided, inter alia, to bring to the approval of the General Assembly: (A) Grant of (non-tradable) options to Mr. Ben Simon at The Phoenix Investment House as specified in section 1.2.1 below; and (B) Grant of (non-tradable) options to Mr. Ben Simon in the Company as specified in section 1.2.2 below[4].

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[3] For details about the holding in The Phoenix Investment House Ltd., see sections 1.2 and 2.5.1.2 in Part A of the 2022 Company's Periodic Report.

[4] In this context, it should be noted that on June 27, 2023, the Company's BOD approved, after receiving approval from the Company's Compensation Committee, grant of (non-tradable) options of the Company to various offerees who are employees and managers at different levels, including Company officers, including to Mr. Ben Simon, through an Outline and

The aforementioned grant of options complies with the instructions of the "Updated Remuneration Policy". It is hereby emphasized that apart from the grants proposed above, there will be no change in the conditions of Mr. Ben Simon's tenure and employment.

The aforementioned options will be granted, insofar as they are granted, in accordance with the compensation plan for the grant of options of the Company, which was adopted by the Company's BOD on December 27, 2018 (**"2018 Plan"**) and according to the Equity Based Compensation Plan, which was adopted in The Phoenix Investment House by the BOD of The Phoenix Investment House on March 14, 2023 (**"The Phoenix Investment House Equity Based Compensation Plan"**), as applicable.

Prior to the publication of the report, the option grants mentioned in section 1.2 were approved (unanimously) for Mr. Ben Simon in the Company's Compensation Committee at its meeting of June 25, 2023, and in the Company's BOD at its meeting of June 27, 2023.

<u>The main terms of the (non-tradable) options offered to Mr. Ben Simon and their amount, which are brought for the approval of the General Assembly, are as following</u>:

1.2.1. <u>The (non-tradable) options for The Phoenix Investment House shares</u>

1.2.1.1. 78,771 options (non-tradable) of The Phoenix Investment House, exercisable for up to 78,771 ordinary shares of The Phoenix Investment House, listed on the name of, with a nominal value of NIS 1.00 each, which are, as of the date of the report (on the theoretical assumption of full exercise of the options and without taking into account realization through the 'net realization' mechanism) about 0.39% of the issued and paid-up share capital of The Phoenix Investment House (and about 0.2% in full dilution).

1.2.1.2. The aforementioned options are offered to Mr. Ben Simon as part of his tenure as director of The Phoenix Investment House and as part of the conditions of his tenure and employment therein (and without monetary compensation in cash on his part). The options are offered in accordance with the Equity Based Compensation Plan of The Phoenix Investment House and in accordance with the capital gain track set forth in section 102(b)(2) to the *Income Tax Ordinance [New Version], 5771-1961* (**"The Ordinance"**). The options that will be granted to Mr. Ben Simon will be deposited for him in trust with a trustee, who will hold them in trust for the periods specified in section 102 of the Ordinance.

1.2.1.3. <u>Summary of vesting conditions in The Phoenix Investment House</u>

[1] Time-dependent vesting - The options that will be granted to Mr. Ben Simon will be vested in installments, as detailed below: **(1)** Half of the options will be vested and exercisable as of April 1, 2025; **(2)** A quarter of the options will be vested and exercisable as of April 1, 2026; and **(3)** A quarter of the options will be vested and exercisable as of April 1, 2027.

[2] Performance dependent vesting - Each portion of options will vest after the time-dependent vesting, provided that at that time the Company will meet a minimum profit before tax target set forth by the BOD of The Phoenix Investment House (as will be presented in the consolidated annual financial

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report of a substantial private offer which are published simultaneously with this Convention Report (or any corrections/supplements to the aforementioned Report, insofar as they are published) (the **"Outline"**).

statements of The Phoenix Investment House for the relevant year, which will be signed and/or published, as the case may be, before the time-dependent vesting date). In case of failure to comply with this target at the time of the examination, the examination for compliance with this condition will be postponed until next year, as long as the option has not expired. However, insofar as this target is not complied within the following year as well, the aforementioned portion of option will expire.

The deadline for the exercise of all portion of options is May 1, 2027.

As a general rule, in the event that Mr. Ben Simon ceases to serve in his position at The Phoenix Investment House, Mr. Ben Simon will be entitled to exercise the exercisable options (depending on the vesting period and the exercise period) within 90 days of the end of his term (subject to the provisions of the Equity Based Compensation Plan of The Phoenix Investment House). All the options which were granted to Mr. Ben Simon and which were not exercised as stated, will expire and will not be exercisable[5].

1.2.1.4. <u>The exercise price and 'net exercise' of the options in The Phoenix Investment House</u>

The exercise price for each option per ordinary share of The Phoenix Investment House was set at a total of NIS 70.38, which reflects a 15% premium on the share price (according to a value estimate by The Phoenix Investment House, as conducted by a valuer as of December 31, 2022, after adjustments, including an adjustment to the dividend distributed from the date determining the valuation and with the addition of earnings per share for the Q1 of 2023).

Nonetheless, the exercise of the options whose vesting date was due will be carried out (insofar as it is carried out) through a mechanism for exercising share options based on the benefit component (Net Exercise), according to which, Mr. Ben Simon will be entitled to receive exercise shares in the amount that reflects the benefit component inherent in the exercised options according to the formula established in the Equity Based Compensation Plan of The Phoenix Investment House only, and will not be required to pay the aforementioned exercise price (but only the nominal value of the exercise shares, unless the BOD of The Phoenix Investment House has determined otherwise)[6].

1.2.1.5. The exercise shares will be equal in their rights to the existing shares in The Phoenix Investment House equity for all intents and purposes, and will be subject to

[5] In the event of termination of the tenure for reasons in which he was not entitled to severance pay as stated in the Severance Pay Law, 5723-1963, and/or in additional circumstances detailed in the Equity Based Compensation Plan of The Phoenix Investment House, Mr. Ben Simon will immediately lose his right to exercise the options.
In the event where the tenure of Mr. Ben Simon ended due to his death, God forbid, or due to reaching retirement age according to law or in case of loss of working capacity for health reasons, the options will vest immediately, and Mr. Ben Simon or his heirs, as the case may be, will be entitled to exercise all the options that have vested within 90 days of the said event or within a later date to be approved by the BOD of The Phoenix Investment House.
It should be noted that in accordance with the Equity Based Compensation Plan of The Phoenix Investment House, the BOD of The Phoenix Investment House will be entitled at any time, as it deems fit, to establish provisions regarding the acceleration of the vesting period regarding the options that were granted according to the Plan, all or some therefrom, or regarding the removal of restrictions concerning the exercise of options, all in accordance with the law.

[6] According to the aforementioned formula, the market value of the shares of The Phoenix Investment House at the time of the exercise will be determined through a valuation by an independent valuer, and insofar as The Phoenix Investment House will be a public company at the time of exercise, then the value of its shares will be determined as the average known closing price of the share on the TASE (or the closing bid, if no sales were reported) in the 10 days preceding the day of delivery of the exercise notice.

the provisions of its Articles of Incorporation.

1.2.1.6. In addition, the terms of the options established acceptable provisions regarding adjustments of the terms of the options for cases such as merger transactions, restructuring or changing the capital structure, distribution of bonus shares or dividend, voluntary liquidation, etc.

1.2.1.7. It should be noted that prior to the publication of this Convention Report, the grant of options mentioned in this section 1.2.1 was approved also by the authorized organs of The Phoenix Investment House.

1.2.2. The (non-tradable) options for the Company's shares

1.2.2.1. 57,190 options (non-tradable) of the Company, exercisable for up to 57,190 ordinary shares of the Company, listed on the name of, with a nominal value of NIS 1.00 each, which are, as of the date of the report (on the theoretical assumption of full exercise of the options and without taking into account realization through the 'net realization' mechanism) about 0.01% of the Company's issued and paid-up share capital (and about 0.01% in full dilution). These options are offered according to the Outline (as defined above).

1.2.2.2. The aforementioned options are offered to Mr. Ben Simon as part of him being the CEO of the Company and as part of the conditions of his tenure and employment (without monetary consideration in cash on his part). The options are offered in accordance with the 2018 Plan (as defined above) and in accordance with the capital gain track set forth in section 102(b)(2) of the Ordinance. The options that will be granted to Mr. Ben Simon will be deposited for him in trust with a trustee, who will hold them in trust for the periods specified in section 102 of the Ordinance.

1.2.2.3. For details about the terms of said options, including the vesting period, the exercise period, vesting conditions and performance and the exercise period of the options, net exercise, expiration of the options and adjustments - see the Outline.

1.2.3. The economic value of the options

At the time of the BOD's decision regarding the grant of the options to Mr. Ben Simon (based on calculations made as of the last trading day preceding the aforementioned decision day), the economic value of all the options offered to Mr. Ben Simon was evaluated (that is, both the options in the Company and the options in The Phoenix Investment House) at about 939 thousand NIS, an amount that does not exceed the cap set forth in the Compensation Policy for the Company's officers[7].

[7] For how to measure the economic value of the options in the Company, see section 4.2 of the Outline. The economic value of the options in The Phoenix Investment House is calculated according to the binomial model.

1.2.4. Below are details regarding the expected annual compensations to which Mr. Ben Simon is entitled in accordance with the terms of his tenure and employment in 2023 based on his updated tenure and employment detailed in this report:

Details of the recipient of the benefits				Benefits for services and others (in thousands of NIS)							
Name	Position	Appointment percentage	Holding rate in the corporation's equity (2)	Salary (3)	Grant (4)	Share-based payment (5)	Management fee	Rent	Other	Total	Of this: Total for the matter of the Compensation for Officers of Financial Corporations Law (6)
Eyal Ben Simon	CEO of the Company and The Phoenix Insurance(1)	Full-time	-	2,499	710	939	-	-	-	4,158	3,894

(1) In addition, as specified in Regulation 26A in the chapter 'Additional details about the corporation' in the company's periodic report for 2022, Mr. Ben Simon serves as a director also in other companies in the Phoenix group, including in The Phoenix Investment House.

(2) As of the date of the report, Mr. Ben Simon does not own the Company's shares. For details about the proportion of his holding in the Company's equity under the assumption of the grant of the options as stated in section 1.2 of this report, in full dilution, see the Outline.

(3) The salary includes a payment required according to the employment agreement, which does not depend on targets and/or discretion. The salary shown in the table above constitutes 100% of the salary paid to Mr. Ben Simon in connection with all his positions in the Group and does not constitute the salary paid by the Company only.

(4) Calculated for the purposes of presentation in this report based on the maximum annual compensation ceiling for 2023.

(5) This sum expresses the economic value of the options that will be issued to Mr. Ben Simon according to the way of recording the expected accounting expense in 2023 (as opposed to a linear distribution over the vesting periods). For details about the full economic value of the options that will be assigned to Mr. Ben Simon, See section 1.2.3 above.

(6) Compensation as defined in the Compensation for Officers of Financial Corporations Law, that is, the total compensation excluding provisions for severance pay and bonuses (including loss of working capacity) according to law (or deposits in funds as a substitute for these components, for those who are not employed "as an employee") and with the exception of completing the employer's provisions for rights accrued up to the date of entry into force of the law.

1.2.5. Summary of the considerations and reasons for granting the options to Mr. Ben Simon:

1.2.5.1. The Compensation Committee and the BOD believe that the grant of the options to Mr. Ben Simon in the Company and in The Phoenix Investment House is appropriate and complies with the Updated Remuneration Policy, including the caps therein, and adequate to its targets.

1.2.5.2. The Compensation Committee and the BOD believe that the granting of exercisable options for The Phoenix Investments House shares, whose vesting depends on the performance of The Phoenix Investment House, is of great importance in strengthening the connection of Mr. Ben Simon in his role as director of The Phoenix Investment House and the performance of The Phoenix Investment House, and constitutes a worthy incentive to continue his activity and fulfill his role in the future in achieving the business and strategic targets, objectives and plans of The Phoenix Investment House (and therefore also of the Company).

1.2.5.3. The Compensation Committee and the BOD believe that the granting of exercisable options for the shares of the Company and/or The Phoenix Investment House, whose vesting depends, inter alia, on the performance of the relevant company, including in the framework of granting options to employees and other officers in the Company and the companies under its control, complies with the targets of the Compensation Policy and it ties the performance of Mr. Ben Simon, both in his role as CEO of the Company and in his role as director of The Phoenix Investment House, and the performance of the Company and The Phoenix Investment House, as applicable, and also keeps Mr. Ben Simon in his aforementioned positions for the long term, as well as encouraging maximizing of value to the shareholders. The granting of the options to Mr. Ben Simon for the shares of The Phoenix Investment House is a benefit for his tenure as its director and complies with the terms of the Company's Compensation Policy and the cap of the Compensation for Officers of Financial Corporations Law.

1.2.5.4. The members of the Compensation Committee and the BOD stated that the grant of the options to Mr. Ben Simon is brought for approval by the General Assembly of the Company's shareholders according to section 2(a) of the Compensation for Officers of Financial Corporations Law, and it is subject to its approval, and it will be carried out after full compliance with the regulatory requirements binding the Company as of the date of this report, including the provisions of the Compensation for Officers of Financial Corporations Law[8].

1.2.5.5. Considering all the parameters and considerations and in light of the reasons as detailed in this section above, the Compensation Committee and the BOD set forth that the grant of the options to Mr. Ben Simon is fair, reasonable, and appropriate and acceptable under the circumstances, and is for the benefit of the Company [and The Phoenix Investment House], inter alia, due to his contribution to their success, and taking into account his experience, skills, duties and the accompanying responsibilities of his position, considering the regulatory restrictions applicable to the Company.

1.2.6. <u>The wording of the proposed decision</u>:

"To approve Grant of options to Mr. Eyal Ben Simon, CEO of the Company, as follows: (A) 78,771 options (non-tradable) of The Phoenix Investment House Ltd. (**"The Phoenix Investment House"**), exercisable for up to 78,771 ordinary shares of The Phoenix Investment House with a nominal value of NIS 1.00 each, in accordance with the conditions specified in section 1.2.1 of this report; and (B) 57,190 options (non-tradable) of the Company, exercisable for up to 57,190 ordinary shares of the Company with a nominal value of NIS 1.00 each, in accordance with the conditions specified in the Outline".

1.3. <u>Topic No. 3 on the agenda: Subject to the approval of the Updated Remuneration Policy (as detailed in section 1.1 of this report) - Gramt of options (non-tradable) to the Chairperson of the Company's BOD, Mr. Benjamin Gabbay</u>

Mr. Benjamin Gabbay serves as the Chairperson of the Company's BOD as of April 2020 (and as Chairperson of The Phoenix Insurance BOD (70% appointment percentage) as of November 2019), and the conditions of his tenure and employment, as approved by the Compensation Committee and the Company's BOD, are detailed in Note 42.b.4 to the Company's consolidated financial statements for 2022 (as published as part of the 2022 Company's Periodic Report)[9]. As part of Mr.

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[8] In this context, it was noted that current compensation cap according to the Compensation for Officers of Financial Corporations Law is NIS 3.49M. As the annual compensation of a number of low-rating employees in the Company increases, the maximum annual compensation cap that can be granted to Mr. Ben Simon may increase (Depending on how the cap is calculated according to the Compensation for Officers of Financial Corporations Law). In any case, the compensation to Mr. Ben Simon will not exceed the cap allowed by law, including according to the Compensation for Officers of Financial Corporations Law, and to that end, the annual grant to Mr. Ben Simon will truncated, if necessary.

[9] In this context, inter alia, in respect of his tenure as Chairperson of the Company, Mr. Gabbay is entitled to annual compensation as well as compensation for attending meetings (which are not joint meetings of the Company and The Phoenix Insurance) as an expert director (according to his classification by the Compensation Committee as such), in accordance with what is detailed in the Fourth Schedule to the Companies (Rules Concerning the Compensation and Expenses of an External Director) Regulations, 5760-2000, according to the rating of the Company, as it shall be from time to time; and as of 2023, the gross monthly salary of Mr. Gabbay for his tenure as Chairperson of The Phoenix Insurance (appointment percentage of 70%) is in the amount of NIS 155,742, which is linked to the CPI and is updated once a year with the January salary (according to the published index on January 15th of that year).

Gabbay's positions and in addition to his tenure as Chairperson of the Company's BOD, Mr. Gabbay also holds other positions in companies controlled by the Company, among them also a term as a director at The Phoenix Investment House.

Following the examination conducted in the Company regarding the possibility of granting equity based compensation in companies controlled by the Company by those companies to Company officials who hold a position and/or contribute to those companies, including to the Chairperson of the Company's BOD (as detailed in section 1.1 above), it was decided to bring to the approval of the General Assembly the grant of options (non-tradable) to Mr. Gabbay in The Phoenix Investment House, as described below[10].

The grant of the aforementioned options complies with the provisions of the Updated Remuneration Policy. It should be emphasized that except for the grant proposed above, there will be no change in the conditions of Mr. Gabbay's tenure and employment.

The said options will be granted, insofar as they granted, in accordance with the Equity Based Compensation Plan of The Phoenix Investment House (as defined above).

Prior to the publication of the report, the grant of the options mentioned in this section 1.3 was approved to Mr. Gabbay (unanimously) in the Company's Compensation Committee at its meeting of June 25, 2023, and in the Company's BOD at its meeting of June 27, 2023.

It shall be clarified that insofar as the decision concerning the grant of the options to Mr. Gabbay subject to this section 1.3 will not be approved by the General Assembly, Mr. Gabbay's tenure and employment will continue to be in effect, as applicable at the time of publication of this report (as stated above).

<u>The main terms of the (non-tradable) options offered to Mr. Gabbay and their amount, which are brought for the approval of the General Assembly, are as following</u>:

1.3.1. 63,321 options (non-tradable) of The Phoenix Investment House, exercisable for up to 63,321 ordinary shares of The Phoenix Investment House, listed in name of and with a nominal value of NIS 1.00, which constitute, as of the date of the report (on the theoretical assumption of full exercise of the options and without taking into account exercise through the 'net realization' mechanism) about 0.31% of the issued and paid-up share capital of The Phoenix Investment House (and about 0.16% in full dilution).

1.3.2. The aforementioned options are offered to Mr. Gabbay as part of his tenure of a director of The Phoenix Investment House and as part of the conditions of his tenure and employment (without monetary consideration in cash on his part). The options are offered in accordance with the Equity Based Compensation Plan of The Phoenix Investment House and in accordance with the capital gain track set forth in section 102(b)(2) of the Ordinance. The options that will be granted to Mr. Gabbay will be deposited for him in trust with a trustee, who will hold them in trust for the periods specified in section 102 of the Ordinance.

1.3.3. The other terms of the offered options are as specified in section 1.2.1 above, mutatis

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This salary, as will be updated from time to time as stated above, constitutes the fixed salary agreed upon as a basis for provisions for compensations and benefits.
For additional details about Mr. Gabbay's tenure and employment conditions in the Company and The Phoenix Insurance, including ancillary conditions (such as reimbursement of costs in accordance with the Company's Compensation Policy, days off, etc.), officers liability insurance, indemnification and exemption, advance notice and non-compete period, see Note 42.b.4 to the Company's consolidated financial statements for 2022 (as published as part of the 2022 Company's Periodic Report).

[10] Approval of such grant is subject to approval of the Company's Compensation Policy update, as detailed in section 1.1 of the report.

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1.3.4. It should be noted that prior to the publication of this Convention Report, the grant of options mentioned in this section 1.2.1 was approved also by the authorized organs of The Phoenix Investment House.

1.3.5. <u>The economic value of the options</u>

At the time of the BOD's decision regarding the grant of the options to Mr. Gabbay (based on calculations made as of the last trading day preceding the aforementioned decision day), the economic value of the options offered to Mr. Gabbay at The Phoenix Investment House was evaluated at about 250 thousand NIS, an amount that does not exceed the cap set forth in the Compensation Policy for the Company's officers[11].

1.3.6. Below are details regarding the expected annual compensations to which Mr. Gabbay is entitled in accordance with the terms of his tenure and employment in 2023 based on his updated tenure and employment detailed in this report:

Details of the recipient of the benefits				Benefits for services and others (in thousands of NIS)							
Name	**Position**	**Appointment percentage**	**Holding rate in the corporation's equity**	**Salary (2)**	**Grant**	**Share-based payment (3)**	**Management fee**	**Rent**	**Other**	**Total**	**Of this: Total for the matter of the Compensation for Officers of Financial Corporations Law (4)**
Benjamin Gabbay	Chairperson of the Company BOD and The Phoenix Insurance and Dir. In The Phoenix investments House (1)	Partly	0.02%	2,550	___	250	___	___	___	2,800	2,523

(1) For details on regards of additional roles of Mr. Gabbay in the Phoenix Group see Regulation 26A in the chapter 'Additional details about the corporation' in the company's periodic report for 2022.

(2) The compensation paid to Mr. Gabbay from the Company complies with the Companies (Rules Concerning the Compensation and Expenses of an External Director) Regulations, 5760-2000. The salary detailed in the table is a payment for Mr. Gabbay's tenure at The Phoenix Insurance, as detailed above. In this context, it shall be clarified that the salary shown in the table constitutes 100% of the salary paid to Mr. Gabbay in connection with all his positions in the Group and does not constitute the salary paid by the Company only.

(3) This sum expresses the economic value of the options that will be issued to Mr. Gabbay according to the way of recording the expected accounting expense in 2023 (as opposed to a linear distribution over the vesting periods). For details about the full economic value of the options that will be assigned to Mr. Gabbay, See section 1.3.5 above.

(4) Compensation as defined in the Compensation for Officers of Financial Corporations Law, that is, the total compensation excluding provisions for severance pay and bonuses (including loss of working capacity) according to law (or deposits in funds as a substitute for these components, for those who are not employed "as an employee") and with the exception of completing the employer's provisions for rights accrued up to the date of entry into force of the law.

1.3.7. <u>Summary of the considerations and reasons for granting the options to Mr. Benjamin Gabbay</u>:

1.3.7.1. The Compensation Committee and the BOD believe that the grant of the options to Mr. Gabbay in The Phoenix Investment House is appropriate and complies with the

[11] The economic value of the options was calculated according to the binomial model.

Updated Remuneration Policy, including the caps therein, and adequate to its targets.

1.3.7.2. The Compensation Committee and the BOD believe that the granting of exercisable options for The Phoenix Investments House shares, whose vesting depends on the performance of The Phoenix Investment House, is of great importance in strengthening the connection of Mr. Gabbay in his role as director of The Phoenix Investment House and the performance of The Phoenix Investment House, and constitutes a worthy incentive to continue his activity and fulfill his role in the future in achieving the business and strategic targets, objectives and plans of The Phoenix Investment House (and therefore also of the Company).

1.3.7.3. The granting of the options as mentioned, complies with the targets of the Updated Remuneration Policy and it ties the performance of Mr. Gabbay in his role as director of The Phoenix Investment House, and the performance of The Phoenix Investment House, and also keeps Mr. Gabbay in his aforementioned position for the long term, as well as encouraging maximizing of value to the shareholders of The Phoenix Investment House, and as a result, to the shareholders of the Company as well. The granting of the options to the Chairperson of the BOD, Mr. Gabbay, is a benefit for his tenure as a director in The Phoenix Investment House and complies with the terms of the Company's Compensation Policy and the cap of the Compensation for Officers of Financial Corporations Law.

1.3.7.4. The members of the Compensation Committee and the BOD stated that the grant of the options to Mr. Gabbay is brought for approval by the General Assembly of the Company's shareholders according to section 2(a) of the Compensation for Officers of Financial Corporations Law, and it is subject to its approval, and it will be carried out after full compliance with the regulatory requirements binding the Company as of the date of this report, including the provisions of the Compensation for Officers of Financial Corporations Law[12].

1.3.7.5. Considering all the parameters and considerations and in light of the reasons as detailed in this section above, the Compensation Committee and the BOD set forth that the grant of the options to Mr. Gabbay is fair, reasonable, and appropriate and acceptable under the circumstances, and is for the benefit of The Phoenix Investment House, inter alia, due to his contribution to their success, and taking into account his experience, skills, duties and the accompanying responsibilities of his position, considering the regulatory restrictions applicable to the Company.

1.3.8. <u>The wording of the proposed decision</u>:

"To approve that in addition to the terms of employment of Mr. Benjamin Gabbay, Chairperson of the BOD of the Company and The Phoenix Insurance, as specified in section 1.3 of this report, Mr. Gabbay will be granted 63,321 options (non-tradable) of The Phoenix Investment House Ltd. (**"The Phoenix Investment House"**), exercisable for up to 63,321 ordinary shares of The Phoenix Investment House with a nominal value of NIS 1.00 each, in accordance with the conditions detailed in section 1.3 of this report".

2. <u>Convening the General Assembly, its date and performance</u>

The special General Assembly will convene on Wednesday, August 2, 2023 at 17:00, at the Company’s Headquarters located at 53 HaShalom Road, Giv’atayim, 20th floor.

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[12] Regarding the cap according to the Compensation for Officers of Financial Corporations Law, see footnote 9 above.

The legal quorum for the General Assembly is the presence of at least three (3) shareholders, present by themselves or by a proxy, holding at least one third (1/3) of the total voting rights in the Company, within half an hour from the date set for the commencement of the Assembly.

If no legal quorum is present half an hour after the date set for the commencement of the Assembly, the Assembly shall be postponed for one week at the same time and place, that is, Wednesday, August 9, 2023 at 17:00 ("**Postponed General Assembly**"). If a legal quorum is not present half an hour after the date set for the Postponed General Assembly, the presence of at least two (2) shareholders, either by themselves or through a proxy, will constitute the legal quorum for the Postponed General Assembly.

3. <u>The required majority for decisions on the Assembly's agenda</u>

The majority required to make all the decisions on the agenda (that is, approval of an update to the compensation policy, grant of options to Mr. Eyal Ben Simon and grants of options to Mr. Benjamin Gabbay) is the majority stipulated in section 267a(b) of the Companies Law and Section 2(a) of the Compensation for Officers of Financial Corporations Law (as the case may be)[13], that is, an ordinary majority (that is, a majority of over fifty percent (50%) of all the votes of the shareholders participating in the General Assembly, who are entitled to vote and who voted in it), provided that one of the following occurs: (A) The number of majority votes in the General Assembly shall include the majority of all the votes of the shareholders who are not the controlling shareholders of the Company or have a personal interest in the approval of the decision, participating in the vote; In counting all the votes of the aforesaid shareholders, the abstainers shall not be taken into account; or (B) The total number of opposing votes from among the shareholders referred to under sub-section (A) above shall not exceed the rate of two percent (2%) of the total voting rights in the Company.

Any shareholder who wishes to participate in the vote concerning any of the decisions on the agenda, will inform the Company before voting at the meeting (by himself or through his proxy) or, if the vote is conducted by a voting paper - by marking and detailing in the designated place on the voting paper, whether he has a personal interest in the relevant decision or not; If a shareholder has not notified as mentioned, he will not vote and his vote will not be counted.

In addition, every shareholder who wishes to participate in the vote will inform whether or not he is an interested party in the Company, a senior official in the Company or an institutional investor.

4. <u>The Assembly's orders and voting</u>

4.1. <u>The date for determining the shareholders' entitlement to participate and vote in the Assembly</u>

The Effective Date for determining the shareholders' entitlement to vote in the General Assembly according to section 182(b) of the *Companies Law* and according to Regulation 3 of the *Companies' (Written Voting and Position Announcements) Regulations, 5766-2005* (**"Voting Papers Regulations"**) is Wednesday, July 5, 2023 (the "**Effective Date**").

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[13] It should be noted that although Mr. Gabbay's tenure and employment conditions comply with the provisions of the Updated Remuneration Policy, and therefore, in accordance with the provisions of sections 270(3) and 273(a) of the Companies Law, their approval at the Company's General Assembly does not require a special majority (but a simple majority), the Company chose to bring the aforementioned tenure and employment conditions to the approval of the General Assembly subject of this report by a special majority stipulated in section 267a(b) of the Companies Law (and section 2(a) of the Compensation for Officers of Financial Corporations Law), and this is for the sake of caution, in light of the fact that the aforementioned decision is subject to the approval of the Updated Remuneration Policy by the General Assembly that is the subject of this report (also by the special majority stipulated in section 267a(b) of the Companies Law).

4.2. 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 by an Electronic Voting Paper (as defined below).

4.3. 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 secretariat, at least forty-eight (48) hours prior to the date and time of the General Assembly or the Postponed Assembly (as the case may be) 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.

4.4. Ownership approval

In accordance with the *Companies (Proof of Share Ownership for Voting Purposes in the General Assembly) Regulations, 5760-2000* (**"Share Ownership Proof Regulations"**), a shareholder of the Company, to whom a share is listed with a stock exchange member and that share is included among the shares listed in the register of shareholders in the name of the nominee company (**"Unlisted Shareholder"**), is entitled to participate in the General Assembly, by himself or by a proxy or by a Voting Paper (as defined below), only if he presents to the Company, prior to the General Assembly, approval from the stock exchange member with whom his right to the share is listed, regarding his ownership of the Company's shares on the Effective Date, in accordance with Regulation 2 of the Share Ownership Proof Regulations as well as in the Form found in the Schedule to the Share Ownership Proof Regulations (**"Ownership Approval"**). Alternatively, an Unlisted Shareholder may order that his Ownership Approval be forwarded to the Company through the Electronic Voting System (as defined below). Without detracting from the aforementioned, an approved electronic message pursuant to section 44K5 of the Securities Law, which concerns the data of the users of the Electronic Voting System - has the same legal standing as an Ownership Approval of a share in respect of any shareholder included therein.

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

4.5. Voting paper and position announcements

As mentioned, a shareholder entitled to participate and vote in the General Assembly, may vote at the General Assembly by means of a Voting Paper, as defined in section 87 of the Companies Law, the wording of which is attached to this report (**"Voting Paper"**). A shareholder shall indicate the manner of his vote regarding each decision on the agenda in the second part of the Voting Paper. For this matter, the vote of a shareholder who voted using a Voting Paper will be considered as if he was present and participated in the meeting.

You can review the Voting Paper and position announcement as defined in section 88 of the Companies Law, as will be provided, on the distribution website and the stock exchange website (as defined below). Any shareholder may contact the Company directly and receive from it free of charge the text of the Voting Paper and position announcements (insofar as they are provided). Also, you can review the Voting Paper and position announcements on the Securities Authority's Distribution Website at: https://www.magna.isa.gov.il (**"Distribution Website"**) and on the website of the Tel Aviv Stock Exchange Ltd., at: https://maya.tase.co.il (**"Stock Exchange Website**)".

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 does not wish that or that he wishes to receive Voting Papers by mail while bearing the delivery cost.

The Voting Paper and the documents that must be attached thereto must be services, as detailed in the voting document, to the Company's Headquarters (including by registered mail) along with the Ownership Approval (and in relation to a listed shareholder - together with a copy of an identity card, passport or certificate of incorporation, as the case may be) up to four (4) hours before the time of convening the General Assembly. For this matter, the "date of service" is the date when the Voting Paper and the documents attached thereto arrived at the Company's Headquarters.

The deadline for service of position announcement to the Company by the Company's shareholders is up to ten (10) days before the date of the Meeting. The deadline for service of the BOD's response to the position announcements, insofar as such position announcements are submitted and the BOD chooses to submit its response to them, is up to five (5) days before the date of the Meeting. An Unlisted Shareholder will be entitled to service the Ownership Approval also via the Electronic Voting System, as mentioned in section 4(f) below.

A Voting Paper that is not accompanied by an Ownership Approval (or alternatively, an Ownership Approval was not serviced via the Electronic Voting System) will be invalid.

4.6. Voting in the Electronic-Voting System

In addition, an Unlisted Shareholder may also vote using an Electronic Voting Paper which will be transmitted to the Company in the Electronic Voting System, which operates according to Section B of Chapter G2 of the Securities Law (**"Electronic Voting"**, **"Electronic Voting System"** and **"Electronic Voting Paper"**, respectively).

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.

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 most recent vote shall count, when accordingly, a shareholder’s vote, whether by proxy or a simple Voting Paper shall be deemed late to voting by way of a Voting Paper or an Electronic Voting System.

4.7. 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 and the Stock Exchange 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 convened (**"Shareholder's Request"**). In the aforementioned case, the Company will publish a revised Assembly Convention report with a revised Voting Paper no later than seven (7) days after the deadline for submitting an request.

5. The Company's Representative

The Company's representative for handling this Report is Attorney Elad Sirkis, Company's Secretary, of 53 HaShalom Road, Giv’atayim. Tel: 03-7335656 ; Fax: 03-7238831; Email: EladS1@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

6. Reviewing the Documents

The full wording of the proposed decisions 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 on the Effective Date shares at a rate that is 5% or more of the total of all voting rights in the Company, as well as those who hold the aforementioned proportion out of the total number of voting rights which are not held by a controlling shareholder of the Company, as defined in section 268 of the Companies Law, is entitled, by himself or through a proxy, after convening the General Assembly, to review, at the Company's offices, during normal working hours, the Voting Papers and voting records through the Electronic Voting System that arrived at the Company, as specified in Regulation 10 of the Voting Papers Regulations.

Sincerely,

The Phoenix Holding Ltd.

By: Meni Neeman, Chief Legal Counsel

Appendix A - **Updated Remuneration Policy**

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. **<u>General</u>**

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 coffered 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 it less than the remuneration pursuant to this policy, such shall not be deemed an aberration or deviation from this remuneration policy, and the terms his of 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.[1]

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.
- Ensuring the suitability of incentives for intelligent management of policyholders' funds saved through the Company, considering the yield and long term risk.

[1] 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 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[2] - 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, 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.

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2 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.

- ✓ 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.[3]

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.

[3] 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:[4]

(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

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

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[4] 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.

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. Notwithstanding the foregoing, a director serving in another company in the Group, may be entitled to receive variable compensation from that Company for his position therewith, subject to the provisions of the applicable law.

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.

In addition, the Chairperson of the BOD may be entitled to variable compensation, including equity-based compensation (as specified in Section 15 below), in the company in the Group in which he serves and for tenure in such a company, as mentioned, all subject to the provisions of applicable law

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[5] 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 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.

[5] Where such concerns a director obtaining remuneration.

10.3. **<u>Details of Benefits and Related Components Constituting Part of the Fixed Remuneration</u>**

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.[6]

10.4. **<u>Limits of Remuneration of Officers (Including Directors and Chairman of the Board)</u>**

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.

[6] This policy does not set out a limit for reimbursement of expenses an Officer is entitled to as aforementioned.

11. **<u>Principles for Determining the Annual Bonus</u>**

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 Discretional Annual Bonus component ("Discretional **Annual Bonus**"). The Measurable Annual Bonus and the Discretional 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. <u>Discretional Annual Bonus:</u>

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

11.4. <u>Measurable Annual Bonus:</u>

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.

[7] 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.

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 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.[8]

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.

[8] 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.

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 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 Discretional 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 to the Affiliate objectives, 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. <u>Reporting to the Commissioner</u>

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. <u>Termination of employment due to retirement (not for a Cause)</u>

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. <u>Advance Notice Period</u>
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[9] 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.

[9] 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.

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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 Wednesday, August 2, 2023, at 17:00 at the Company's Headquarters, at 53 HaShalom Road, 20th floor (the "**Company's Headquarters**"). If the Assembly is postponed, it shall then convene on Wednesday, August 9, 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 decisions:**

3.1 Topic No. 1 on the agenda: Updating the Company's Remuneration Policy

A decision is hereby presented to the General Assembly, pursuant to this Convention Report, to which this Voting Paper is attached (**"Convention Report"**), to approve an update to the Remuneration policy for the Company's officers, in the version attached as **Appendix A** to the Convention Report (**"The Updated Remuneration Policy"**). For additional details, including the highlights of the proposed updates, see section 1.1 of the Convention Report.

The wording of the proposed decision:

"Approve the proposed update to the Company's Remuneration policy, in the version attached as Appendix A to the Convention Report, effective from the date of approval of the General Assembly".

3.2 Topic No. 2 on the agenda: Grant of options (non-tradable) to the CEO of the Company, Mr. Eyal Ben Simon

A decision is hereby presented to the General Assembly pursuant to this Convention Report, to approve grant of options to Mr. Ben Simon, as following: **(A)** 78,771 options (non-tradable) in The Phoenix Investment House Ltd., a private subsidiary of the Company held by it (indirectly) at a rate of 88.4% (**"The Phoenix Investment House"**), exercisable for up to 78,771 ordinary shares of The Phoenix Investment House, as detailed in section 1.2.1 of the Convention Report; and **(B)** 57,190 options (non-tradable) of the Company, exercisable for up to 57,190 ordinary shares of the Company, as detailed in section 1.2.2 of the Convention Report.

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It is hereby emphasized that apart from the grants proposed above, there will be no change in the conditions of Mr. Ben Simon's tenure and employment.

The wording of the proposed decision:

"To approve grant of options to Mr. Eyal Ben Simon, CEO of the Company, as follows: (A) 78,771 options (non-tradable) of The Phoenix Investment House Ltd., exercisable for up to 78,771 ordinary shares of The Phoenix Investment House with a nominal value of NIS 1.00 each, in accordance with the conditions specified in section 1.2.1 of the Convention Report; and (B) 57,190 options (non-tradable) of the Company, exercisable for up to 57,190 ordinary shares of the Company with a nominal value of NIS 1.00 each, in accordance with the conditions specified in the Outline and in a substantial private placement report which were published simultaneously with the Convention Report (or any amendments/supplements to this report, insofar as they are published)".

3.3 Topic No. 3 on the agenda: Subject to the approval of the Updated Remuneration Policy (as detailed in section 1.1 of this report) - Grant of options (non-tradable) to the Chairperson of the Company's BOD, Mr. Benjamin Gabbay

A decision is hereby presented to the General Assembly pursuant to this Convention Report to approve grant of 63,321 shares (non-tradable) to Mr. Gabbay in The Phoenix Investment House Ltd., exercisable for up to 63,321 ordinary shares of The Phoenix Investment House, as detailed in section 1.3 of the Convention Report.

Apart from the grant proposed above, there will be no change in the conditions of Mr. Gabbay's tenure and employment.

The wording of the proposed decision:

"To approve that in addition to the terms of employment of Mr. Benjamin Gabbay, Chairperson of the BOD of the Company and The Phoenix Insurance Company Ltd., a wholly owned subsidiary of the Company, as specified in section 1.3 of the Convention Report, Mr. Gabbay will grant 63,321 options (non-tradable) of The Phoenix Investment House Ltd., exercisable for up to 63,321 ordinary shares of The Phoenix Investment House with a nominal value of NIS 1.00 each, in accordance with the conditions detailed in section 1.3 of the Convention Report".

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

The full wording of the proposed decisions, the Voting Paper and the position announcements, as defined in section 88 of the Companies Law, 5759-1999 (the

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"Companies Law") (if there are any), may be reviewed at the Company's Headquarters, 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 Convention Report, the Voting Paper and the position announcements (if there are any) 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 decisions on the Assembly's agenda:**

The majority required to make all the decisions on the agenda (that is, approval of an update to the compensation policy, grant of options to Mr. Eyal Ben Simon and grant of options to Mr. Benjamin Gabbay) is the majority stipulated in section 267a(b) of the Companies Law, that is, an ordinary majority (that is, a majority of over fifty percent (50%) of all the votes of the shareholders participating in the General Assembly, who are entitled to vote and who voted in it), provided that one of the following occurs: **(A)** The number of majority votes in the General Assembly shall include the majority of all the votes of the shareholders who are not the controlling shareholders of the Company or have a personal interest in the approval of the decision, participating in the vote; In counting all the votes of the aforesaid shareholders, the abstainers shall not be taken into account; or **(B)** The total number of opposing votes from among the shareholders referred to under sub-section (A) above shall not exceed the rate of two percent (2%) of the total voting rights in the Company.

Any shareholder who wishes to participate in the vote concerning any of the decisions on the agenda, will inform the Company before voting at the meeting (by himself or through his proxy) or, if the vote is conducted by a voting paper - by marking and detailing in the designated place on the voting paper, whether he has a personal interest in the relevant decision or not; In the second part of this Voting Paper space is allocated to mark the existence or absence of such personal interest and a place for its description, if any. A shareholder who did not mark, or marked "yes" and did not describe as stated - his vote will not be counted.

In addition, any shareholder who wishes to participate in the vote will notify (by marking in the appropriate place in the second part of this Voting Paper), whether he is an interested party in the Company, a senior officer in the Company or an institutional investor, if not.

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

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The effective date for determining the shareholders' entitlement to vote in the General Assembly according to section 182(b) of the Companies Law and according to Regulation 3 of the Companies' Regulations (Written Voting and Position Announcements), 5766-2005, is Wednesday, July 5, 2023 (the "**Effective Date**").

7. **Validity of the Voting Paper:**

The Voting Paper shall be valid only if the following documents are attached thereto:
An unlisted shareholder[1] - 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[2] - A copy of an I.D., passport or incorporation certificate.
The aforementioned Voting Paper, with the documents attached thereto as 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 Headquarters.

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 Headquarters at 53 HaShalom Road, Givatayim, 20th 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 transmitted 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**", respectively). 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**"),

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[1] A person who has shares registered with a stock exchange member and those shares are included among the shares registered in the register of shareholders in the name of the nominee company.
[2] A shareholder who is registered on the Company's shareholders' registry.

then the Electronic Voting System will be closed. The vote in the Electronic Voting System can be changed or canceled until the Date and Time the System is Locked and it will not be possible to change it through the Electronic Voting System thereafter.

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 himself, by proxy, or by an ordinary Voting Paper which will be delivered to the Company's Headquarters, 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 and Voting Paper:**
An unlisted shareholder is entitled to receive the Ownership Approval at the branch of the stock-exchange or by mail to his/her address, if he/she requested it. A request for this matter will be given in advance to a specific securities account. Alternatively, an unlisted shareholder may order that his Ownership Approval be transmitted to the Company through the Electronic Voting System until the Date and Time the System is Locked (as specified in section 8 above).

An unlisted shareholder is entitled to receive by email, free of charge, 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, 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) 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

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Distribution Website, as well as the position announcements that were submitted to the Company, if any.

14. <u>Reviewing the Voting Papers and voting records through the Electronic Voting System</u>:

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 entitled, by person or by proxy on his/her behalf, after the General Assembly is convened, to review, at the Company's Headquarters 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 12,681,996 of the Company's ordinary 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 8,477,333 of the Company's ordinary shares.

15. <u>Changes on the agenda</u>:

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 (if any) may be reviewed, on the Company’s reports to be published 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 decision 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 Headquarters at 53 HaShalom Road, Givatayim, 20th floor. Fax: 03-7238831.

Company registration number: 52-001745-0.

The Assembly's date: Wednesday, August 2, 2023 at 17:00.

Type of assembly: Special General Assembly.

The Effective Date: Wednesday, July 5, 2023.

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 - ______________________________________

5. Is the shareholder a stakeholder,[3] a senior position holder[4] or an institutional investor[5]? Yes / No (If yes, specify: ______________________________________)

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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<u>Your Vote</u>:

The topic on the agenda	Your Vote[6]			Are you a controlling shareholder of the company or have a personal interest in the approval of the decision[7]	
	In favor	Against	Abstained	Yes[8]	No
Topic No. 1 on the agenda - Updating the Company's Remuneration Policy					
Topic No. 2 on the agenda - Grant of options (non-tradable) in the Company and The Phoenix Investment House to Mr. Eyal Ben Simon (CEO of the Company)					
Topic No. 3 on the agenda - Grant of options (non-tradable) in The Phoenix Investment House to Mr. Benjamin Gabbay (Chairperson of the BOD of the Company)					

<u>Details about a personal interest in decision number 1 on the agenda</u>:

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<u>Details about a personal interest in decision number 2 on the agenda</u>:

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<u>Details about a personal interest in decision number 3 on the agenda</u>:

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Date: _________________ Signature: ___________________

- **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 thereto, 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 thereto.**

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[6] Not marking any vote shall be deemed an absentee vote on that topic.
[7] A shareholder who does not fill in this column, his/ her vote will not be counted.
[8] Specify about the personal interest in the designated place below.