

March 13, 2025

Phoenix Financial Ltd.
(hereinafter - the “Company”)

To
Israel Securities Authority
www.magna.isa.gov.il

To
Tel Aviv Stock Exchange Ltd.
maya.tase.co.il

Re: Update on the Company's Reporting and Disclosure Policy regarding Legal Claims

The Company is pleased to announce that on March 12, 2025, the Company's Board of Directors approved an update to the guidelines and rules for examining whether a motion to certify a class action and a legal proceeding that is outside the ordinary course of business (above and hereinafter - "**Legal Claims**" or "**Legal Claim**") filed against the Company and companies under its control (hereinafter - the "**Group**") amounts to a material event which is outside the corporation's ordinary course of business with respect to the obligation to publish an immediate report in their respect under Regulation 36 to the Securities Regulations (Periodic and Immediate Reports), 1970, as well as with respect to including a verbal annotation in their respect in the note entitled Contingent Liabilities and Commitments in the financial statements (above and hereinafter - the "**Reporting and Disclosure Policy**").

The update to the Company's Reporting and Disclosure Policy with respect to immediate reports will take effect as of March 12, 2025 and will be applied as of the financial statements of the first quarter of 2025.

It should be emphasized that no verbal annotation will be provided in the financial statements regarding Legal Claims reported in an immediate report as from January 1, 2025 to March 12, 2025 and considered by this policy to be immaterial.

In recent years, the filing of motions to certify class actions - both against the Group and against companies engaged in similar areas of activity - has become routine; however, it has become apparent over time that such Legal Claims have no material effect on the Group's business. Moreover, the timetables requiring the publication of an immediate report (i.e. shortly after receipt of the Legal Claim by the Company) lead to the publication of immediate reports regarding Legal Claims before an assessment has been made of the Legal Claims' prospects. Moreover, these Legal Claims are also included as a verbal annotation in the Contingent Liabilities and Commitments note in the subsequent financial statements.

The Group's Reporting and Disclosure Policy regarding Legal Claims has been reviewed by the Company's management, inter alia, with the assistance of legal counsels, in order to make it easier for the reports' readers to analyze the legal risks to which the Group is exposed, in a concise and clear manner.

In accordance with the Group's current Reporting and Disclosure Policy, a Legal Claim deemed material in accordance with a quantitative and qualitative assessment (at the time of its receipt by the Group), as detailed below, will be reported to the public effective immediately and information thereof will be detailed in the notes to the financial statements. In addition, a Legal Claim deemed immaterial in accordance with a quantitative and qualitative assessment (at the time of its receipt by the Group, will not be reported to the public effective immediately and the information thereof will be included in the summary table. In some cases, as detailed below, the Company will also provide details thereof in the notes to the financial statements.

Such an assessment may be updated over the life of the Legal Claim. Assessing the need to update such an assessment will be carried out by the Group on an ongoing basis.

Quantitative assessment - If the amount claimed in a Legal Claim against any of the Group's companies at the time of its receipt (before its prospects have been examined) exceeds 5% of the total equity attributable to the relevant Company's shareholders (the Company or Phoenix Insurance Company Ltd.), the Legal Claim shall be deemed material. It is clarified that the Company shall be entitled to determine, in certain cases in which the circumstances of the Legal Claim indicate as much - even if a claimed amount exceeds the aforementioned threshold - it shall not be deemed a material Legal Claim, and vice versa - if the qualitative assessment (see below) reflects this both upon receipt of the Legal Claim by the Company and during the life of the Legal Claim.

Qualitative assessment - As part of this assessment, several aspects of the Legal Claim will be examined, first and foremost - whether the Legal Claim relates to the Group's core business or to a unique field such as securities law, competition law, or whether it has special broad implications, or may have a material impact on the Group's business, or whether the Legal Claim may have a material impact on the overall information which serves as the basis for investment decisions regarding the Company's securities made by investors.¹

It is clarified that, in light of the duration of legal proceedings (sometimes over many years) and their development, a Legal Claim which did not amount to a material Legal Claim at the time of its receipt

¹ In doing so, the Company will take into account various considerations, such as the identity of the plaintiff or group of plaintiffs, identity of the defendants, anticipated effects if the claim is certified as a class action, and in case it is certified by the court - the manner in which the process is expected to be conducted, its complexity and its cumulative effects on the Group, the existence of similar Legal Claims on similar grounds, etc.

by the Company (and accordingly - was not published in an immediate report), may develop into a material Legal Claim as it progresses. In such a case, the Company will include a disclosure about the Legal Claim at a later date in the notes to the financial statements shortly after it has become material. In this context, it should be noted that the quantitative threshold for including a verbal annotation in a note to the financial statements about a Legal Claim regarding which no immediate report was published at the time of its receipt by the Company, but has become material during its life, will be determined by the Company. In addition, the Company may include a verbal disclosure in a note to the financial statements regarding a Legal Claim that has become material even though at the time of its receipt by the Group it was not considered as such, due to other qualitative considerations.

Sincerely,

Phoenix Financial Ltd.

Signed by:

Meni Neeman, Executive VP, Chief Legal Counsel