

Date: May 23, 2023

The Tel-Aviv Stock Exchange Ltd.

Re: **Immediate Report on the Convening of a Special Annual General Meeting**

Presented herewith is an immediate report in accordance with the Companies Law, 1999 (hereafter: “**the Companies Law**”), the Companies Regulations (Notice and Announcement of a General Meeting and a Class Meeting In a Public Company and Addition of a Topic to the Agenda), 2000 (hereafter: “**the Notice Regulations**”), the Companies Regulations (Written Vote and Position Papers), 2005, the Securities Regulations (Private Offering of Securities in a Listed Company), 2000, and the Securities Regulations (Periodic and Immediate Reports), 1970 (hereafter: “**the Reports Regulations**”), concerning the convening of a special annual general meeting of the shareholders of the Company, to be held on Thursday June 29, 2023, at 15:00 at the offices of the Company, on #2 Ahuzat Bayit St., Tel Aviv, 11th Floor, Room 1101.

1. **On the agenda:**

1.1 **Discussion of the Company’s financial statements and of the Board of Directors’ report on the state of the Company’s affairs for the year ended December 31, 2022**

1.2 **Appointment of auditors and a report on their fees for 2022**

Wording of the proposed resolution - To appoint the Brightman Almagor Zohar Accounting Firm as the auditors of the Company.

For information on the auditors’ fees for 2022, see section 3.5 to the Board of Directors’ Report as of December 31, 2022, which is included in the Company’s Periodic Report for 2022 published on March 28, 2023 (reference no.: 2023-01-033528) (hereafter: “**the 2022 Periodic Report**”). The information that is provided in the 2022 Periodic Report is included herein by way of reference.

1.3 **Amendment to the Company’s Officers’ Compensation Policy for the Years 2023-2025**

Wording of the proposed resolution - To approve the amendment to Company’s officers’ compensation policy for the years 2023-2025, the principals of which are set out in section 2.1 below and address the adjustment of the provisions of the

compensation policy to the terms of employment of the Chairman of the Board of Directors of the Company. The document presenting the amended compensation policy for the years 2023-2025 is attached, with changes marked¹, as **Appendix A** to this report (hereafter: “**the Amended Compensation Policy**” and “**the Amended Compensation Policy Resolution**”, respectively).

The Amended Compensation Policy Resolution has been approved by the Board of Directors of the Company in its meeting on May 23, 2023, following its approval by the Company’s Audit Committee in its capacity as the Company’s Compensation Committee (hereafter, in this report: “**the Compensation Committee**”) in its meeting on May 23, 2023.

1.4 Appointment of a director and a chairman for the Board of Directors and approval of the terms of his employment - Prof. Yevgeny (Eugene) Kandel

Wording of the proposed resolution - To appoint Prof. Yevgeny (Eugene) Kandel (hereafter: “**Prof. Kandel**”) as a director and Chairman of the Board of Directors for a period of 5 years, in accordance with the provisions of Article 100 of the Company’s Articles of Association and of Section 50B6 of the Securities Law, 1968 (hereafter: “**the Securities Law**”); and to approve the terms of his employment, in a 50% appointment percentage, so that he shall be entitled to a monthly salary of NIS 64.5 thousand (gross), an annual bonus in an amount that shall not exceed 3 times the monthly salary as well as to the grant of 319,800 warrants that are exercisable, each, into one ordinary share of the Company, all subject to and in conformity with the stated in section 2.2 of this report (hereafter: “**the Terms of Employment of the Chairman of the Board of Directors**” and “**the Resolution on the Appointment of the Chairman of the Board of Directors and the Terms of His Employment**”, respectively).

For information concerning Prof. Kandel, including the terms of his office, see section 2.2 below.

The Resolution on the Appointment of the Chairman of the Board of Directors and the Terms of His Employment has been approved by the Board of Directors of the Company in its meeting on April 30, 2023, following the approval of his Terms of Employment

¹ It should be noted that the various amounts specified in the Amended Compensation Policy have been updated due to CPI-linkage. Since this linkage is in conformity with the provisions of the compensation policy, those updates have not been marked.

by the Company's Audit Committee in its capacity as the Company's Compensation Committee (hereafter, in this report: "**the Compensation Committee**") in its meeting on April 30, 2023.

2. **Additional information on Topics 1.3 and 1.4 on the agenda:**

lution 2.1

- 2.1.1** On January 12, 2023, the general meeting of the Company's shareholders, after obtaining the approval of the Compensation Committee and the Board of Directors, approved a compensation policy for officers in the Company for the years 2023-2025(inclusive) (hereafter: "**the Compensation Policy**").
- 2.1.2** Since on the date of approval of the Compensation Policy, the Chairman of the Board of Directors was an interim appointment, without compensation, the convening notice of the Company's shareholders' meeting for the approval of the Compensation Policy stated, inter alia, that since, on the publication date of said report, a candidate has not yet been nominated for the permanent position of Chairman of the Board of Directors, and in view of the unique status of this position at the Company, it was inappropriate, at that time, to discuss and change the provisions of the Compensation Policy that specifically address this position.
- 2.1.3** On April 30, 2023, the Board of Directors of the Company, after obtaining the approval of the Compensation Committee (and subject to obtaining the approval of the Company's shareholders' meeting, as described in section 1.4 above) approved, inter alia, the Terms of Employment of Prof. Kandel as Chairman of the Board of Directors. The aforesaid approval was obtained, inter alia, following the receipt of a comprehensive comparative study prepared by Compuvision, a firm specializing in executive compensation advisory services (hereafter: "**the Comparative Study**" and "**the Compensation Advisor**", respectively), as set out in section 2.1.4 below. The Comparative Study of the Compensation Advisor contained data regarding the compensation of chairs of boards of directors in the comparable companies, both in relation to the actual terms of compensation, and in relation to the terms of compensation according to the compensation policy of each of the comparable companies (hereafter: "**the Comparative Study**").
- 2.1.4** Accordingly, the Comparative Study reviewed, within the public compensation policy documents of the comparable companies, the ceilings and related benefits relating to the fixed compensation components, the variable compensation components (maximum

bonus, the compensation plan, long-term mechanism), equity compensation, the ratio of the fixed component to the variable component and the terms for the termination of employment of the chair of a board of directors.

- 2.1.5** Accordingly, on May 23, 2023, the Board of Directors of the Company, after obtaining the approval of the Compensation Committee, approved an amendment to the Compensation Policy for the purpose of its adjustment to the Terms of Employment approved for Prof. Kandel, as follows:

2.1.5.1 Annual bonus ceiling

Section 9.2 of the Compensation Policy will be amended, to the effect that the Company shall be permitted to grant the Chairman of the Company's Board of Directors an annual bonus based on a Company-wide quantitative criterion, in an amount that shall not exceed three monthly salaries.

At the same time, a clarification will be added, that the Company shall be permitted to grant an annual bonus based on qualitative criteria solely to the CEO and to officers reporting to the CEO.

2.1.5.2 Share-based compensation

Section 10.4 of the Compensation Policy will be amended, by introducing section 10.4.3. pursuant to which the Company shall be permitted to allot to the Chairman of the Board of Directors of the Company equity compensation that shall not exceed the aggregate amount of fifteen (15) monthly salaries, and the value deriving from the division of such total amount by the number of grant years for which they are granted will not exceed five (5) monthly salaries.

To remove any doubt, it is hereby clarified that all other terms of the equity compensation prescribed in the Compensation Policy remain intact and will be applied, with the necessary changes.

2.1.6 **Reasoning of the Audit Committee and the Board of Directors**

- 2.1.6.1** The wording of the Amended Compensation Policy is consistent with the principles of the Compensation Policy, as the overall compensation to the Chairman of the Board of Directors is not variable, and the principal change is expressed in the creation of a different mix between the annual bonus and the equity compensation, in favor of the equity compensation.
- 2.1.6.2** The ceilings of compensation for the Chairman of the Board of Directors are consistent with the customary practice in the companies included in the Comparative Study.

2.2 Resolution on the Appointment of the Chairman of the Board of Directors and the Terms of His Employment

- 2.2.1** Subject to obtaining the approval of the Company's shareholders' meeting and to the provisions of Section 50B6 of the Securities Law, Prof. Kandel will be appointed for the position of Chairman of the Board of Directors of the Company for an initial term of five years from the commencement of his office, as described above.

Presented below is information on Prof. Kandel, as required under Regulation 26 of the Reports Regulations

Name: Yevgeny (Eugene) Kandel

I.D. No.: 017464108

Date of birth: July 6, 1959

Address for the service of process: #69 Nof Harim, Mevaseret Zion

Nationality: Israeli and U.S.

Membership in a committee or committees of the Board of Directors: No.

Is he an independent director or an outside director as defined in the Companies Law; does he possess accounting and financial expertise or professional qualifications; and is he an expert outside director: ordinary director possessing accounting and financial expertise.

Is he an employee of the Company, of its subsidiary, of its related company, or of an interested party therein: Yes, subject to obtaining the approval of the Company's shareholders' meeting, a personal employment agreement will be signed between the Company and Prof. Kandel.

Date of commencement of service as director in the Company: The date of the General Meeting's resolution and subject to the stated in Section 50B16 of the Securities Law.

His education and occupation in the last five years and details of the corporations in which he serves as a director

Education:

B.A. in Economics, Hebrew University of Jerusalem;

MBA, University of Chicago;

M.A. in Economics, Hebrew University of Jerusalem;

PhD in Business Administration and Economics from the University of Chicago.

Occupation in the past 5 years:

2004 to date: CEPR, European research center, Research Fellow

2008 to date: Hebrew University, Emil Speyer Professor of Economics and Finance, Department of Economics and Business School;

2016 to date: Israel Democracy Institute, Chair (Co-Chair since 2019) of the Eli Hurwitz Conference;

2021 to date: Start-Up Nation Policy Institute (public Benefit Company) - Co-Chair;

2015-2021: Start-Up Nation Policy Institute (public Benefit Company) - Co-Chair;

2016-2020: Prime Minister's Office, Chair of the Advisory Committee to the Prime Minister and the National Economic Council;

2019-2020: Ministry of Diaspora Affairs, Co-Chair of the committee advising the Government on safeguarding the future of the Jewish people worldwide;

2022-2023: Central Bureau of Statistics, Chair, Committee on Improvement of the Quality of Data on the Technology Sector;

2023: Water Authority, Chair, Committee on Improvement of Regulation of Mekorot, Water Authority;

Member of advisory committee: Group 107 Ltd.; Stardust Ltd.; Ignite Ltd.

Other corporations in which he serves as a director:

Kali Group Insurance Agency and Investments Marketing Ltd.; NDrip Ltd.; Credit 360 Ltd.; Factory Ltd.; Dassa Consulting and Management Ltd. (Chairman and CEO - a company fully owned by Prof. Kandel); Maniv Venture Capital Fund,

To the best knowledge of the Company and its directors, is he related to another interested party in the Company: No

Is he a director who the Company views as possessing accounting and financial expertise for the purpose of meeting the minimum number prescribed by the Board of Directors in accordance with Section 92(a)(12) of the Companies Law:

Yes

Prof. Kandel has delivered a declaration to the Company in accordance with Section 224B of the Companies Law. A copy of Prof. Kandel's declaration is attached to this report.

2.2.2 Terms of employment of Prof. Kandel

Subject to obtaining the approval of the Company's shareholders' meeting, the Company and Prof. Kandel will enter into an employment agreement, under an employer-employee relationship, by virtue of which Prof. Kandel will serve as Chairman of the Board of Directors of the Company (non-executive), including in

subsidiaries of the Company, at a part-time appointment percentage of 50%. For his office, Prof. Kandel shall be entitled to compensation, as specified below:

- 2.2.2.1 The monthly salary (gross) of Prof. Kandel will total NIS 64.5 thousand (linked to the CPI for March 2023) (hereafter: “**the Salary**”), an amount that reflects a fixed monthly salary cost of approximately NIS 86 thousand. The cost of salary includes contributions to an advanced study fund, severance pay fund, and provident fund, as customary in the Company.
- 2.2.2.2 Prof. Kandel shall be entitled to an annual vacation of 14 days, of which he shall be permitted to accrue up to 7 days a year (mandatory utilization of 7 vacation days per year) and up to 14 days in aggregate.
- 2.2.2.3 Prof. Kandel shall be entitled to recreation pay as prescribed by law for 10 recreation days a year. It is hereby clarified that the aforesaid recreation pay (at the rate currently required by law), are included in the Salary, and shall not be paid on top of the Salary.
- 2.2.2.4 Prof. Kandel shall be entitled to 23 sick days a year (based on his appointment percentage).
- 2.2.2.5 Upon his appointment, Prof. Kandel shall be included in the exemption, indemnification and insurance arrangements that are currently in effect at TASE in relation to all officers.
- 2.2.2.6 In addition, Prof. Kandel is entitled to various benefits that are included in the Related Benefits to Managers Procedure (e.g., internet, mobile telephone, newspapers, periodic checkups, etc.).
- 2.2.2.7 The agreement is for an indefinite period. Each of the parties is entitled to announce the early termination of the agreement with a 90-day advance notice (subject to extraordinary circumstances that allow TASE to terminate the agreement immediately). Upon the termination of his employment, TASE will transfer to the manager the ownership of the managerial insurance policy and/or the pension fund (unless its right to do so has been revoked), this in lieu of the payment of severance pay, with the exception of circumstances that by law permit the revoking or the reduction of severance pay. Additionally, upon the termination of his employment, TASE will release the advanced study fund to the possession of Prof. Kandel.
- 2.2.2.8 Annual bonus
Prof. Kandel shall be entitled to an annual bonus in an amount of up to 3 salaries, based on a quantitative criterion, in accordance with a target amount of “pre-tax profit” for the Company in the relevant year. For 2023, Prof. Kandel shall be entitled to a proportionate

bonus, based on the actual period in which he serves as Chairman of the Board of Directors of the Company.

2.2.2.9 Equity compensation

In his first three years in office, Prof. Kandel shall be entitled to equity compensation of 319,800 warrants that are exercisable into ordinary shares with no par value of the Company, under the terms specified below (hereafter: **“the Equity Compensation”**). At the end of his first three years in office, the Company will work to approve the grant of additional equity compensation to Prof. Kandel, based on the principle of a quantity of warrants equal to 5 Salaries for each year in office (which shall be determined based on the value of the warrants on the date of approval of the Equity Compensation), this subject to obtaining all of the approvals required by law.

Since the Equity Compensation to which Prof. Kandel is entitled constitutes a material private offering, the disclosure provided below is, among others, in accordance with Regulation 20 of the Securities Regulations (Private Offering of Securities in a Listed Company), 2000.

Subject to obtaining the approval of the Company’s shareholders’ meeting, and to obtaining the approvals described in section 2.2.2.9g below, the Company will allot to Prof. Kandel (in this section below, also: **“the Offeree”** or **“the Officer”**), 319,800 warrants that are exercisable into 319,800 ordinary shares of the Company (hereafter: **“the Warrants”** and **“the Exercise Shares”**), respectively), under the terms that are specified in the warrant plan for the Chairman of the Board of Directors (hereafter: **“the Plan”** or **“the Warrant Plan”**), as set forth below:

a. The Offeree

The Offeree shall serve as the Chairman of the Board of Directors of the Company by virtue of an employment agreement, and therefore an employer-employee relationship shall exist between him and the Company on the allotment date. The Offeree is not an interested party within the meaning of the term in Section 270(5) of the Companies Law (hereafter: **“Interested Party”**), and to the best of the Company’s knowledge is not expected to become an interested party or a stakeholder as a result of the grant of the Warrants.

b. Terms of the Securities the Offering of which is Proposed, their Quantity and their Percentage of the Voting Rights and the Issued and Paid-Up Share Capital of the Company, After the Allotment As Well As On a Fully Diluted Basis

- (1) The Warrants will be allotted to a trustee appointed in accordance with the provisions of Section 102 of the Income Tax Ordinance [New Version], and the regulations, the rules, the circulars and the directives issued by virtue thereof (hereafter: “**the Trustee**”) on behalf of Prof. Kandel.

The Warrants will be allotted for no consideration.

- (2) The Warrants will not be listed on The Tel Aviv Stock Exchange Ltd. (hereafter: “**TASE**”). The shares of the Company that would be allotted by the Company to the Offeree upon the exercise of the Warrants (hereafter: “**the Exercise Shares**”) are ordinary shares of the Company. The Exercise Shares shall be, commencing on their exercise date, equal in rights for all intents and purposes to the existing ordinary shares in the Company’s share capital.
- (3) Each option shall be exercisable into one ordinary share of the Company, with no par value, in accordance with the terms that shall be stipulated in the Warrant Plan, and subject to adjustments.
- (4) To the date of this report, the authorized share capital of the Company is 150,000,000 ordinary shares. The issued and paid-up share capital of the Company as of the date of approval by the Board of Directors is 102,643,507 ordinary shares². After the allotment of the Warrants to the Offeree there will be no change in the issued and paid-up share capital of the Company.
- (5) Under the theoretical assumption of the full exercise and conversion of all of the Warrants³, after the allotment the issued and paid-up share capital of the Company will total 99,089,264 ordinary shares⁴, and the Company shares that will derive from the exercise and/or conversion of all of the granted Warrants will constitute 0.32% of the issued and paid-up share capital of the Company, after the allotment; and under the theoretical assumption of the full exercise and conversion of all of the granted Warrants and of the remaining allotted convertible securities of the Company - the issued and paid-up share capital of the Company will total 106,319,264 ordinary shares⁵, and the Company

² At end-of-day of April 27, 2023; excluding dormant shares.

³ Without accounting for warrants awarded but not yet allotted to the Company CEO, as described in the Company’s meeting convening report dated March 28, 2023 (reference no.: 2023-01-029779). The information that is provided in said immediate report is included herein by way of reference.

⁴ Excluding dormant shares.

⁵ Excluding dormant shares.

shares that will derive from the exercise and/or conversion of all of the granted Warrants will constitute 0.3% of the issued and paid-up share capital of the Company, after the allotment.

- (6) This assumption concerning the full exercise of the Warrants, is solely theoretical, since in practice, when exercising the Warrants the Offeree will not be allocated the full number of Exercise Shares deriving therefrom, but only the number of Exercise Shares that reflects the amount of the monetary benefit embodied in the Warrants, as calculated on the exercise date of those Warrants, as detailed in this section 2.2.2.9.
- (7) The Exercise Shares will be allotted out of the Company's authorized share capital and will be registered in the name of the Nominee Company of the Tel-Aviv Stock Exchange Ltd. Alternatively, the Exercise Shares may be transferred out of the Company's dormant shares (which are registered in the name of the Nominee Company of the Tel-Aviv Stock Exchange Ltd.) and their listing on TASE will be reinstated upon such transfer.
- (8) The Exercise Shares will be equal in rights to the Ordinary Shares of the Company, for all intents and purposes, commencing on their allotment date, and shall be entitled to any dividend or another benefit, the date of record for the receipt of which falls on or subsequent to the date of allotment of the Exercise Shares.
- (9) It is hereby clarified that the Offeree shall have no rights as a shareholder in the Company in relation to Warrants that are granted to him under the Plan. In addition, unless otherwise determined in the terms of the Warrant Plan, the Offeree shall have no rights as a shareholder in the Company, in relation to the Exercise Shares, this until the registration of the Exercise Shares to his credit in an account maintained with the TASE member (which are included among the shares that are registered in the name of a nominee company).
- (10) As long as Exercise Shares are held by the Trustee on behalf of the Offeree, the Offeree may vote in respect of the Exercise Shares. The Offeree will apply to the Trustee in writing at least four business days prior to the date of the meeting and the Trustee will transfer to the Offeree a proxy letter to participate in the general meeting and to vote in respect of the Exercise Shares that are held by the Trustee on behalf of the Offeree, in compliance with the directives

that the Company has determined for all of its shareholders.

For the purposes of this matter above, “business day” signifies any weekday on which most of the banks in Israel are open for business.

c. Fair Value of the Securities that Are Convertible or Exercisable into Shares, Noting the Method and Formula Used to Calculate the Value and the Underlying Assumptions of Its Calculation

- (1) The fair value of the Warrants totals NIS 967 thousand. It should be noted that the quantity of the Warrants and their value, as above, were determined in negotiations between Mr. Salah Saabneh, Interim Chairman of the Board of Directors of the Company, and Prof. Kandel, to reflect an amount equal to 15 Salaries, over a period of 3 years.

The value of each of the Warrants that will be allotted under the Plan is NIS 3.0246.

- (2) The value of the Warrants, as above, was calculated based on the value determined for the Warrants in an economic opinion dated April 30, 2023.
- (3) The fair value of the Warrants, as above, was calculated using the Monte Carlo simulation. The calculation of the fair value of the Warrants takes into account the closing price of the ordinary shares of the Company on TASE as of April 27, 2023, which was NIS 16.71, with an annual standard deviation (based on historical prices of the share) of 35%, a risk-free interest rate of 3.82%, under the working assumption that, in the event that the average share price in 30 consecutive trading days exceeds double the exercise price of the Warrants, an early exercise of the Warrants will take place.
- (4) According to the Plan, the maximum possible allotment, in practice, is only up to the monetary amount of the benefit, all as set out in this section 2.2.2.9.
- (5) It should be noted that the fair value calculation does not account for the fact that the Warrants will not be listed on TASE, and also does not account for the blocking of the Warrants for the lockup period specified in the Plan.

d. Details Concerning the Six Addendum to the Periodic and Immediate Reports Regulations, 1970

- (1) The following table summarizes the anticipated annual cost of employment of

Prof. Kandel (in NIS thousands), based on the provisions of the agreement and the terms of the 2023-2025 Compensation Policy:

Details of the compensation recipient				Compensation for services							Other compensation			Total
Name	Position	Appointment percentage	Percentage holding in the Company's equity	Salary	Bonus	Share-based payment	Management fees	Consulting fees	Vehicle	Other	Interest	Rent	Other	
Eugene Kandel	Chairman of the Board of Directors	50%	-	1,034	194	323								1,551

- (2) Based on the stated above, and assuming the payment of the full bonus amount, the rate of the variable components in the terms of office and employment of Prof. Kandel out of his total cost of employment is expected to reach 33.33%, and the rate of the fixed components - 66.67%.
- (3) To the date of the report, the estimated ratio of Prof. Kandel's terms of office and employment to the average salary cost and the median salary cost of the other employees of the Company is 5.96 and 6.45, respectively. It should be noted that the compensation policy stipulates that the aforesaid ratios are reasonable and would not adversely affect the working relations in the company.
- (4) It should be noted that the terms of employment of Prof. Kandel are consistent with the Company's Compensation Policy, in its amended format, as described in section 2.1 above. Nevertheless, in the event that the Compensation Policy is not approved, even in such instance his overall compensation does not exceed the ceiling prescribed in the Company's Compensation Policy, with the principal change being the scope of the Equity Compensation (whereas the scope of his annual bonus is below the customary scope).

e. Details of the consideration

- (1) The Warrants are offered to Prof. Kandel pursuant to the Warrant Plan for no consideration.
- (2) The exercise price of each of the Warrants is NIS 24.386 (hereafter: "**the Exercise Price**"). The Exercise Price exceeds the closing price of TASE's share on April 27, 2023, which is NIS 16.71, by 46%.
- (3) It is hereby clarified that, in accordance with the provisions of the Warrant

Plan, Prof. Kandel will not be required to pay the Exercise Price in practice. Therefore, and to remove any doubt, it is hereby clarified that the Exercise Price of the Warrants that would be allotted to the Trustee on behalf of the Prof. Kandel under the Equity Compensation Plan will only be used to determine the amount of monetary benefit and the quantity of Exercise Shares that would actually be allotted to Prof. Kandel, as described in this section 2.2.2.9.

(4) For additional information, see Section 2.2.2.10 below.

- f. The Company's Issued Share Capital⁶, the Quantity and Percentage Holding of the Offeree, of Interested Parties in the Company and of the Other Shareholders in the Issued and Paid-Up Share Capital and in the Voting Rights in the Company:

Name of shareholder	Prior to the allotment				After the allotment			
	Quantity of shares	Quantity of convertible securities ⁷	Percentage holding in equity and voting (not fully diluted)	Percentage holding in equity and voting (fully diluted)	Quantity of shares	Quantity of convertible securities ⁷	Percentage holding in equity and voting (not fully diluted)	Percentage holding in equity and voting (fully diluted)
Manikay Global	19,999,999	0	20.25%	18.87%	19,999,999	0	20.25%	18.81%
Artisan Partners	5,223,003	0	5.29%	4.93%	5,238,119	0	5.30%	4.93%
Yevgeny Kandel	0	0	0.00%	0.00%	0	319,800	0.00%	0.30%
Ittai Ben-Zeev	0	4,250,000	0.00%	4.01%	0	4,250,000	0.00%	4.00%
Hani Shitrit-Bach	143,668	335,000	0.15%	0.45%	143,668	335,000	0.15%	0.45%
Sraya Orgad	220,615	335,000	0.22%	0.52%	220,615	335,000	0.22%	0.52%
Adi Barkan	0	300,000	0.00%	0.28%	0	300,000	0.00%	0.28%
Yehuda Ben Ezra	0	335,000	0.00%	0.32%	0	335,000	0.00%	0.32%
Yaniv Pagot	0	370,000	0.00%	0.35%	0	370,000	0.00%	0.35%
Orly Grinfeld	0	370,000	0.00%	0.35%	0	370,000	0.00%	0.35%
Liran Gordon	0	300,000	0.00%	0.28%	0	300,000	0.00%	0.28%
Uri Shavit	184,063	335,000	0.19%	0.49%	184,063	335,000	0.19%	0.49%
Viacheslav Fradin	32,298	300,000	0.03%	0.31%	32,298	300,000	0.03%	0.31%
The Tel-Aviv Stock Exchange Ltd. ⁸	3,874,043	0	0	0	3,874,043	0	0	0
The public	72,965,818	0	73.87%	68.84%	72,950,702	0	73.86%	68.61%
Total	98,769,464	7,230,000	100%	100%	98,769,464	7,549,800	100%	100%

- g. The Approvals Required Pursuant to the Offering

The grant of the Warrants under the Plan is conditional upon the obtaining of all of the approvals listed below:

- (1) Approval of the Audit Committee and approval of the Board of Directors,

⁶ As of May 22, 2023.

⁷ Without accounting for 544,435 Warrants pursuant to the Equity Compensation Plan for the Company CEO, which have not yet been allotted.

⁸ Dormant shares.

which were received prior to the date of this report, as well as the approval of the general meeting of the Company's shareholders, in accordance with the mechanism prescribed in section 6.2 below.

- (2) Approval of the Trustee to serve as a trustee for the plan (unless the Trustee holds a general approval by the tax authorities to serve as a trustee for the purposes of Section 102);
- (3) TASE's approval for the listing of the Exercise Shares;
- (4) Shortly after the publication of this report, the Trustee appointed by the Company for the Warrant Plan, as above, will submit an application to the authorities for the approval of the Warrant Plan and for the approval of the Trustee appointed by the Company. The Warrants will be allotted to the Trustee only after the elapsing of at least 30 days of the submission of the Warrant Plan to the tax authorities, this in accordance with the provisions of Section 102 of the Ordinance.

h. Allotment of the Warrants and their Exercise

- (1) The Offeree shall be entitled to exercise the Warrants that had been allotted to the Trustee on his behalf, in whole or in part, in accordance with the terms of the Plan, as of the date that is determined on the date of their grant to the Offeree (above and below: "**the Vesting Date**") and over a period, as determined on the date of their grant to the Offeree (above and below: "**the Exercise Period**"), in several batches (above and below: "**Batch/es**"), all as determined on the date of their grant to the Offeree.
- (2) The Vesting Dates of the Granted Warrants are as follows:
 - (a) 1/3 of the Warrants (the first Batch) - the Vesting Date of the first Batch is at the end of 12 months of the date of allotment;
 - (b) 1/3 of the Warrants (the second Batch) - the Vesting Date of the second Batch is at the end of 24 months of the date of allotment;
 - (c) 1/3 of the Warrants (the third Batch) - the Vesting Date of the third Batch is at the end of 36 months of the date of allotment.

In calculating the precise numbers of the Warrants in each of the first two Batches, the number of Warrants will be rounded down, and in the third and final Batch - the number of Warrants will be rounded up to the total number

of Warrants granted to the Offeree.

All of the Granted Warrants shall be exercisable commencing on the Vesting Date of the relevant Batch until the end of 48 months of the allotment date.

- (3) The Offeree shall be entitled, subject to the terms of the Plan, to exercise the Granted Warrants commencing on the Vesting Date of each Batch of Warrants. The Warrants shall be exercisable commencing on the aforesaid Vesting Date until the end of the Exercise Period of that Batch of Warrants.
- (4) At the end of the Exercise Period, all of the Warrants granted, but not exercised, pursuant to the Plan, that are included in the relevant Batch, shall expire, and those Warrants will return to the Pool and may be reallocated to any Offeree.
- (5) All of the Warrants shall be allotted on behalf of the relevant Offeree to the Trustee, shortly after the receipt of all of the approvals that are required in accordance with Section 102 of the Income Tax Ordinance, following the signing of the allotment agreement and all requisite documents by the Offeree. The allocation date of the Warrants for the Offeree shall be the date of delivery to the Trustee of the deed of allotment in respect of the Warrants allotted to the Offeree (hereafter: “**the Allotment Date**”).

i. The Exercise Process of the Warrants

- (1) The exercise of the Warrants pursuant to the Plan will not take place on the date of record for the distribution of bonus shares, an offer by way of rights, a dividend distribution, consolidation of capital, capital split or the reduction of capital (each of the above shall be hereafter referred to as “**Company Event**”). In addition, if the ex date of a Company Event falls before the date of record of the Company Event, no exercise of Warrants pursuant to the Plan shall take place on such ex date.
- (2) the exercise of Warrants pursuant to the Warrant Plan, on behalf of the Offeree, will be executed through the Trustee.
- (3) If during the exercise period of Warrants, the Offeree wishes to exercise Warrants that he is entitled to exercise pursuant to the terms of the Plan and the grant resolution, the Offeree shall deliver to the Trustee and to the Company an exercise notice, signed by him (in this subsection below: “**the**

Exercise Notice”). In the Exercise Notice the Offeree will specify, inter alia, the number of Warrants that he wishes to exercise. The exercise date will be the date on which the Offeree delivers the Exercise Notice, as above (hereafter: **“the Exercise Date”**).

- (4) Where an Exercise Notice has been delivered by an Offeree, the following shall apply:

A calculation will be performed of the difference between:

The average closing price on TASE of an Ordinary Share in the period that preceded the Exercise Date, which is of the same duration as the period used to determine the exercise price (i.e., the 30 trading days preceding the Exercise Date) (hereafter: **“the Average Closing Price of the Share”**), multiplied by the number of shares that derives from the Warrants in relation to which the Exercise Notice was given (adjusted as stated in section 2.2.2.9l below, as appropriate);

And:

The exercise price, as per section 2.2.2.9e(2) below (adjusted as stated in section 2.2.2.9l below, as appropriate) of the Warrants in relation to which the Exercise Notice was given, multiplied by the number of the aforesaid Warrants.

This difference will serve as the amount of monetary benefit arising to the Offeree on the Exercise Date (above and below: **“the Amount of Monetary Benefit”**).

After determining the Amount of Monetary Benefit, as above, the Company will allot to the Trustee on behalf of the Offeree a number of ordinary shares, the aggregate market cap of which, based on the closing price of the Company’s ordinary shares on TASE on the trading day preceding the Exercise Date, equals the Amount of Monetary Benefit.

Any fractional share resulting from the aforesaid calculation will be rounded down to the nearest whole share.

Upon the allotment of the Exercise Shares, in accordance with the mechanism described above, the Exercise Shares shall be deemed as fully issued and paid-up.

- (5) The Trustee will act in relation to the Warrants and in relation to the Exercise Shares in accordance with the provisions of Section 102 of the Income Tax Ordinance, including the rules, the circulars and the directives issued by virtue

thereof.

- (6) It is hereby clarified that any Warrant granted that is not exercised by the end of the stipulated exercise period, shall expire and will no longer confer any right on the Offeree. It is further clarified that Warrants that an Offeree shall not be entitled to exercise pursuant to the terms of the Plan, shall expire and will no longer confer any right on the Offeree. To remove any doubt, it is hereby clarified that Warrants that expire as aforesaid will return to the pool and may be reallocated.
- (7) The exercise expenses and any commission involved in the exercise, shall be borne by the Offeree.

j. Terms of the Plan in the Event of Termination of the Employment Relationship

For the purposes of this Plan: “**Termination of the Employment Relationship**”, signifies - termination of the employer-employee relationship pursuant to the law, and in the case of an officer who is not an employee, but serves under a service agreement with him - termination of the engagement in such agreement.

(1) Termination of the Employment Relationship for a Non-Extraordinary Cause

- (x) Subject to the provisions of Section 102 of the Income Tax Ordinance and to the provisions of any law, the officer shall be entitled to exercise only the Warrants (other than those exercised or expired), the Vesting Date of which falls before the date of Termination of the Employment Relationship, with the addition of the proportionate share of the next (only one) annual Batch, the Vesting Date of which takes place after the date of Termination of the Employment Relationship (if any);

Such proportionate share will be determined as the ratio between the actual employment period of the officer and 12 months.

For this purpose: “**the Actual Employment Period of the Officer**” - the period that elapsed from the last Vesting Date that took place prior to the date of Termination of the Employment Relationship between the officer and the Company, or from the allotment date (if the Termination of the Employment Relationship takes place prior to the Vesting Date of the first

Batch), as appropriate, until the date of Termination of the Employment Relationship.

The right to exercise the Warrants, as above, shall be until the end of the period prescribed for their exercise.

- (ب) If the Termination of the Employment Relationship between the officer and the Company is the result of death (god forbid) or of the loss of working capacity, then all of the Warrants granted to the officer (other than those exercised or expired) shall be exercisable by the Offeree or by the heirs of the Offeree or his estate administrators, as appropriate, under the terms prescribed in this regard in the Warrant Plan and subject to its terms, this, to remove any doubt, notwithstanding the stated in section 2.2.2.9(j)(1)(a) above.
- (ج) It is hereby clarified that Warrants that are exercisable, as stated in this section 2.2.2.9(j) above, that have not been exercised by the end of the period prescribed for their exercise, as appropriate, shall expire and will not confer any right. It is further clarified that Warrants that an Offeree shall not be entitled to exercise pursuant to the terms of the Warrant Plan, shall expire and will no longer confer any right.

k. Termination of the Employment Relationship for an Extraordinary Cause

Notwithstanding the aforesaid, if the Termination of the Employment Relationship between an officer and the Company is the result of an extraordinary cause, then all of the Warrants that had been allotted in the name of the Trustee on behalf of the officer, other than those exercised or expired, shall expire on the date of Termination of the Employment Relationship between the officer and the Company or on the date of delivery of the letter concerning the Termination of the Employment Relationship to the officer, whichever is earlier; this, even if the Vesting Date of the aforesaid Warrants has elapsed and even if the officer is entitled to exercise them pursuant to the terms stipulated in the Warrant Plan and/or the grant resolution.

Tax track - as mentioned above, the Warrants will be allotted under the capital gains track in accordance with Section 102 of the Income Tax Ordinance, which imposes tax at the rate of 25% on the Offeree (as well as surtax), and at the same time does not allow the Company a deduction for tax purposes.

l. Adjustment Provisions in Protection of the Offeree

- (1) Should the Company distribute a cash dividend for which the date of record, as defined in the TASE Rules (as defined in Section 46 of the Securities Law),

for its distribution (hereafter: “**the Date of Record**” and “**the TASE Rules**”, respectively) takes place after the day of a resolution to grant Warrants under the Plan, but prior to the exercise or expiration of such Warrants, on the Ex Date, as defined in the TASE Rules (hereafter: “**the Ex Date**”) the exercise price of a Warrant that has not yet been exercised or expired, as aforesaid, shall be reduced by the gross amount of the dividend per share that has been distributed as stated above.

- (2) Should the Company distribute bonus shares for which the Date of Record takes place after the day of a resolution to grant Warrants under the Plan, but prior to the exercise or expiration of such Warrants, the number of shares to which the Offeree shall be entitled upon the exercise of the such Warrants shall increase by the number of shares to which the Offeree would have been entitled as bonus shares had he exercised the Warrants prior to the Date of Record for the distribution of the bonus shares. The exercise price per Warrant will not change as a result of the increase in the number of Exercise Shares to which the Offeree would be entitled due to the distribution of bonus shares, as stated above.

It is hereby clarified that the number of Exercise Shares to which the Offeree shall be entitled will only be adjusted in the event of a distribution of bonus shares, as described in this section above, but will not be adjusted for any other issuances (including issuances to interested parties).

- (3) Should the Company offer to its shareholders, by way of rights, rights to purchase any securities, for which the Date of Record takes place after the day of a resolution to grant Warrants under the Plan, but prior to the exercise or expiration of such Warrants, the number of Exercise Shares resulting from the exercise of the Warrants will be adjusted for the benefit component of the rights, as reflected in the ratio of the closing price of the share on TASE on the last trading day prior to the Ex Date and the ex-rights base price of the share.
- (4) In any event of consolidation or split of the Company’s share capital, the Company will make the necessary changes or adjustments to prevent dilution or expansion of the rights of the Offeree, so as to decrease or increase, as appropriate, the number of Exercise Shares deriving from the Granted Warrants, and/or decrease or increase the exercise price of each Warrant, as

appropriate.

- (5) In the event of a restructuring of the Company (hereafter: “**Restructuring**”) or the merger of the Company with or into another company, by way of a share swap, cash acquisition or otherwise (hereafter: “**Merger**”) or the sale of all of the assets of the Company or of the issued share capital of the Company or of substantially all of the assets of the Company, to any third party (hereafter: “**Sale**”), the Compensation Committee and the Board of Directors may, inter alia, at their sole discretion, pursue one or more of the following courses of action:
- (a) Accelerate the Vesting Date of Warrants or bring forward the end-date of the Exercise Period, all at the sole discretion of the Compensation Committee and the Board of Directors; or,
 - (b) Determine that a Warrant that has been allotted under the Warrant Plan shall be replaced with or converted into an alternative warrant that would be allotted by the Company or to another warrant that would be allotted by the new company, after the Merger or the Sale, all at the sole discretion of the Compensation Committee and the Board of Directors of the Company; or,
 - (c) Determine that a Warrant that has been allotted under the Warrant Plan shall be adopted by the new company, such that it shall be exercisable into a share of the new company, subject to adjustments and changes as shall be determined by the Compensation Committee and the Board of Directors for this purpose, all at the sole discretion of the Compensation Committee and the Board of Directors; or,
 - (d) Determine the cancelation or the return to the Company of a Warrant that has been allotted under the Warrant Plan and the payment by the Company to an Offeree that returns the Warrant, as aforesaid, of pecuniary damages in respect of the cancelation or the return of the Warrant, as above, all at the sole discretion of the Compensation Committee and the Board of Directors; or,
 - (e) Execute any action, adjustment or change in connection with a Warrant that has been allotted under the Warrant Plan and its terms, to the extent

necessary under the circumstances, all at the sole discretion of the Compensation Committee and the Board of Directors.

For the purposes of the provisions of this section, the term “the new company” shall refer to a company with which a merger is performed or a sale transaction is executed or to another company that would succeed the Company after the Restructuring, as the case may be.

- (6) If, as a result of any of the adjustments that are set out in this section 2.2.2.9l above, the Company is required to allot fractional shares, the Company will not allot such fractional shares, and the number of shares to be allotted to the Offeree will be rounded down to the nearest whole share.
- (7) The calculation of the adjustments required pursuant to this section 2.2.2.9l above, as described above, will be executed and approved by an independent accountant that will be selected by the Compensation Committee.

m. Non-Negotiability or Transferability of the Warrants

- (1) The Warrants may not be transferred, assigned, pledged, mortgaged or seized, with the exception of transfer to heirs in accordance with the law. In the case of transfer to heirs, as above, the terms of the Warrant Plan and its provisions shall bind the heirs for all intents and purposes.
- (2) To remove any doubt, it is hereby clarified that, subject to the provisions of the Plan, only the Offeree shall possess rights in relation to the Warrants that are allotted in the name of the Trustee, on his behalf, pursuant to the Plan and in accordance with its provisions and terms, and the Plan shall not confer any rights on any other individual.
- (3) The Trustee will not transfer Warrants to any third party, other than as stipulated in the terms of the Plan, based on instructions issued to him by the administrator of the Plan.
- (4) To remove any doubt it is hereby clarified that the securities offered under the Plan shall also be subject to the restrictions imposed by the Securities Law and the Securities Regulations (Details with regard to Sections 15A to 15C of the Law), 2000.

n. Agreements between the Offeree and a Shareholder in the Company

To the best of the Company's knowledge, and based on an examination performed with Prof. Kandel, there are no written or verbal agreements between Prof. Kandel and a shareholder in the Company, or between Prof. Kandel and other parties, concerning the purchase or sale of securities of the Company or concerning the voting rights therein.

o. Restrictions on Transactions in the Offered Securities that Shall Apply to the Offeree

Without prejudice to the lockup directives that apply to the Offeree by virtue of the provisions of Section 102, the Warrants shall be subject to the restrictions prescribed in the Securities Law, 1968 and the Securities Regulations (Details with regard to Sections 15A to 15C of the Law), 2000, as specified below:

- (1) The Offeree may not offer the securities without publishing a prospectus the publication of which has been authorized by the Securities Authority, for the duration of six months from the allotment date (in this section below: **"the Period"**).
- (2) In the six consecutive quarters after the end of the Period, the Offeree may offer as part of the trading on TASE, without publishing a prospectus the publication which has been authorized by the Authority, a quantity of securities that shall not exceed on any trading day on TASE, the average daily volume of trading in the securities on TASE during the eight weeks that preceded the date of the offer, and provided that the overall quantity offered in any quarter shall not exceed 1% of the Company's issued and paid-up capital as of the date of the offer. The aforesaid shall also apply to securities purchased in all of the aforesaid periods other than under a prospectus and other than from the Company as part of the trading on TASE, as well as to securities deriving from the exercise or conversion of securities allotted to the Offeree.
- (3) In this section, **"issued and paid-up share capital"** - excluding shares arising from the exercise or conversion of convertible securities that had been allotted up to the date of the offer and have not yet been exercised or converted.
- (4) In addition to the aforesaid, the Offeree is subject to the restrictions prescribed

in the Plan, as described above, and to the following additional restrictions:

- (5) The Warrants may not be transferred, with the exception of transfer to heirs in accordance with the law, as stated in section 2.2.2.9.m(1) above.
- (6) The Offeree is subject to the provisions of Section 102 of the Income Tax Ordinance and to any law, regulation or condition of the tax authorities in this regard.

2.2.2.10 The Method Used to Determine the Consideration and the Reasoning for the Approval

- a. The Terms of Employment of Prof. Kandel have been determined in negotiations between him and Mr. Saabneh, who serves as Interim Chairman of the Board of Directors of the Company.
- b. The Terms of Employment are consistent with the Compensation Policy in its amended format, and also do not exceed the overall compensation ceiling, as set out in the Compensation Policy shortly before its amendment.
- c. Based on the aforesaid information and considerations, and having taken into account, among others, the considerations that are specified in Section 267B(a) of the Companies Law and the matters specified in Parts A and B of the First Addendum to the Companies Law, the Audit Committee and the Board of Directors have concluded that the Terms of Employment of Prof. Kandel, including the Equity Compensation, are reasonable, appropriate, and coincide with the interests of the Company and are designed to create an optimal incentive for Prof. Kandel for generating profit for the Company and for the achievement of its goals.

3. **Name of Any Material Shareholder of Officer in the Company That, To the Best of the Company's Knowledge, Has Personal Interest in the Consideration, and the Nature of the Personal Interest of Each of Them**

To the best of the Company's knowledge, none of the material shareholders of the Company and/or the other officers in the Company has personal interest in resolution 1.3 or in resolution 1.4 on the agenda.

4. **Names of the Directors Who Participated in the Discussions at the Audit Committee in Its Capacity as Compensation Committee and at the Board of Directors in Connection with the Resolutions That Are on the Agenda**

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4.2 The participants in the discussions of the Company's Audit Committee held on May 23, 2023 in connection with resolution 1.4 on the agenda, included Messrs. Yoav Chelouche, Meirav Ben Cnaan Heller, Aharon Aharon and Gedon Hertshten.

4.3 The participants in the discussions of the Company's Board of Directors held on April 30, 2023 and on May 3, 2023 in connection with resolution 1.3 on the agenda, included Messrs. Salah Saabneh, Yoav Chelouche, Meirav Ben Cnaan Heller, Aharon Aharon and Gedon Hertshten.

4.4 The participants in the discussion of the Board of Directors held on May 23, 2023 in connection with resolution 1.4 on the agenda, included Messrs. Salah Saabneh, Yoav Chelouche, Meirav Ben Cnaan Heller, Aharon Aharon and Gedon Hertshten.

5. **Names of the Directors Who, To The Best Of The Company's Knowledge, Have Personal Interest In Resolutions 1.3 and 1.4 on the Agenda**

None of the directors has personal interest in resolutions 1.3 and 1.4 on the agenda.

6. **Majority Required for Approval of the Resolutions**

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6.2 The majority required for the approval of the resolutions described in sections 1.3 and 1.4 above is a simple majority of the total votes of the shareholders present at the General Meeting that are entitled to vote and that voted theret, without taking into account abstainee votes, provided that one of the following is fulfilled:

6.2.1 The votes comprising the majority at the general meeting shall include a majority of all the votes of the shareholders that are not the controlling shareholders of the Company⁹ or a person having a personal interest in approving the resolutions described in sections 1.3 or 1.4, who participate in the vote; in counting the votes of the aforesaid

⁹ Since, to the date of convening of this meeting, there is no controlling shareholder in the Company, within the meaning of the term in the Companies Law, the majority that is required to pass the resolutions on the agenda is a simple majority of the total votes of shareholders participating in the vote.

shareholders, abstentions shall not be taken into account; any person having a personal interest shall be subject to the provisions of Section 276 of the Companies Law, mutatis mutandis.

- 6.2.2 The total opposing votes among the shareholders referred to in section 6.2.1 above does not exceed two (2%) percent of the total voting rights in the Company.

It should be noted that the Company is not a “public second-tier subsidiary”, within its meaning in Section 267A(c) of the Companies Law.

7. **Location and time of the meeting, the date of record for entitlement to vote at the meeting and other provisions for voting at the meeting**

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- 7.2 A quorum at the meeting will be the presence, in person or by proxy, of at least two shareholders holding at least twenty-five percent (25%) of the voting rights, within half an hour of the time scheduled for the opening of the meeting. If a quorum is not present at the general meeting at the end of half an hour of the time scheduled for the opening of the meeting, the meeting will be adjourned to be held at the same location, on the same day and at the same time, in the following week, with no obligation to notify the shareholders to this effect, or to a different date if such has been specified in the notice of the meeting, or to a different day, time and location, as shall be determined by the Board of Directors in a notice to the shareholders.
- 7.3 A shareholder may vote at the general meeting, in person or by proxy, or with a Voting Ballot or electronically, all in accordance with the provisions of these Articles of Association and subject to the provisions of the Companies Law.
- 7.4 The document appointing a voting proxy (hereafter: “**the Letter of Appointment**”) and the power of attorney by virtue of which the Letter of Appointment was signed (if any), will be drawn up in writing and signed by the appointer or by the person authorized in writing to do so, as well as by a witness to the signing by the aforesaid, if so required

by the Board of Directors. If the appointer is a corporation, the Letter of Appointment will be drawn up in writing and signed in a manner that binds the corporation; the Board of Directors may require that a written confirmation be delivered to the Company, to the satisfaction of the Board of Directors, of the power of the signatories to bind the corporation, as well as the delivery to the Company of additional details or documents in relation to the Letter of Appointment, as shall be determined by the Board of Directors in this regard.

- 7.5 The Letter of Appointment and the power of attorney by virtue of which the Letter of Appointment was signed (to the extent signed) or an appropriate copy thereof, to the satisfaction of the Board of Directors, will be deposited at the office of record or at another location or locations, within or outside Israel - as shall be determined by the Board of Directors from time to time, in general or in relation to a specific matter, at least forty-eight (48) hours prior to the opening of the meeting or the adjourned meeting, as appropriate, in which the proxy intends to vote based on such Letter of Appointment. Notwithstanding the aforesaid, the chairman of the meeting may, at his discretion, accept such Letter of Appointment and power of attorney even after the aforesaid date, if he sees fit, at his discretion. If the Letter of Appointment with the power of attorney is not received, as described in this Regulation above, it shall not be valid at such meeting.
- 7.6 Voting by ballot will be executed using the second part of the Voting Ballot that is attached to the report on the convening of the meeting. The Voting Ballot and the documents that have to be attached thereto (hereafter: **“the Attached Documents”**), as specified in the Voting Ballot, should be delivered to the Company’s offices up to 4 hours prior to the time of convening the meeting. For this purpose, the “time of delivery” is the time at which the Voting Ballot and the Attached Documents arrive at the Company’s offices.
- 7.7 A shareholder may state in the Voting Ballot the direction of his vote for each proposed resolution included in the Voting Ballot, by marking “pro”, “con” or “abstain” only, with no modification, crossing out, omission, addition or any qualification as to the wording of the proposed resolution (hereafter: **“Modification”**). A voting in writing on any proposed resolution that is accompanied by Modification will be disqualified and will not be considered in any manner whatsoever for the purposes of the vote on such proposed resolution. A shareholder who does not state his position on any proposed

resolution will be deemed as abstaining in the vote on such proposed resolution.

- 7.8** The Voting Ballot will be signed by the shareholder, and if the shareholder is a corporation, in a manner that is binding to the corporation. The Board of Directors may require that a written confirmation be delivered to the Company, to the satisfaction of the Board of Directors, of the power of the signatories to bind the corporation, as well as the delivery to the Company of additional details or documents for the purpose of voting in writing, as shall be determined by the Board of Directors in this regard.
- 7.9** In the event of a disagreement as to whether a written vote should be accepted or disqualified, the chairman of the meeting will decide and his decision will be final and absolute.
- 7.10** A Voting Ballot that is received at the office, as stipulated above, will be deemed as presence at the meeting for purposes of the quorum as set out above. If a Voting Ballot is not received as stipulated above, it shall not be valid at such meeting.
- 7.11** A shareholder voting by way of a Voting Ballot that was duly received at the office, on a proposed resolution that is not voted upon at the general meeting, will be deemed as having abstained at such meeting in the vote on the holding of an adjourned meeting, and his vote by Ballot will be counted at the adjourned meeting that will be held.
- 7.12** Subject to the provisions of the Company's Articles, the Board of Directors may establish additional directives and procedures for written votes, including regarding the sending of the Voting Ballots, the manner of their signing and the methods for their delivery to the Company.
- 7.13** The formats of the voting ballot and the position papers, within their meaning in Section 88 of the Companies Law, are available at the websites of the Securities Authority and the Tel Aviv Stock Exchange Ltd., as follows: <http://www.magna.isa.gov.il/> (hereafter: "the Distribution Website"); Website of the Tel-Aviv Stock Exchange Ltd.: <http://maya.tase.co.il/>.
- 7.14** A Stock Exchange member will send by Email, at no cost, a link to the text of the Voting Ballot and the position papers on the Distribution Website, to any shareholder who is not included in the shareholders' register and whose shares are registered with that Stock Exchange member, unless the shareholder has notified the Stock Exchange member that he does not wish to receive such link or that he wishes to receive Voting Ballots by post for a mailing fee only.

7.15 A shareholder whose shares are registered with a Stock Exchange member is entitled to receive the certificate of title from the Stock Exchange member through whom he holds his shares, at the branch of the Stock Exchange member or by post to his address for a mailing fee only, if so requested. A request for this purpose shall be made in advance with respect to a specific securities account.

7.16 The final date for the submission of position papers to the Company is up to 10 days after the Record Date.

8. Adding a topic to the agenda

Following the publication of this immediate report, it is possible that there may be changes to the agenda, including the addition of one or more topics to the agenda, and position papers may be published. The up-to-date agenda and position papers published in the Company's reports can be viewed on the Distribution Website.

One shareholder or more, holding shares constituting at least 1% of the voting rights at the general meeting of the Company, may request the Board of Directors, up to 7 days after calling the meeting, to include a topic on the agenda of the meeting, provided that the topic is suitable to be discussed at a general meeting.

Should the Board of Directors find that a topic that was requested to be included on the agenda is suitable to be discussed at the general meeting, the Company shall prepare an updated agenda and an amended Voting Ballot, should this be required, and shall publish them not later than 7 days after the last date for furnishing a request for the inclusion of an additional topic on the agenda, as referred to above. It is hereby clarified that the publication of an updated agenda by the Company (if any), will not affect the Record Date as stipulated in this immediate report.

9. **Information on the representatives of the Company for matters pertaining to this report**

Adv. Ofer Yankovich and Adv. Gil Cherci, Weksler, Bregman & Co. Advocates, #23 Yehuda Halevi St., Tel Aviv, Tel.: 03-5119393, Fax: 03-5119301.

Adv. Efrat Bank-Yogev, #2 Ahuzat Bayit St., Tel Aviv, tel: 076-8160571, fax: 076-8160331.

10. **Perusal of documents**

This immediate report, including its appendices and documents mentioned therein, is available for perusal at the offices of the Company at #2 Ahuzat Bayit St., Tel Aviv, during customary office hours, this until the date of the meeting.

Yours sincerely,

Efrat Bank-Yogev, Adv.
Deputy Secretary of The Tel-Aviv Stock Exchange Ltd.

The Tel-Aviv Stock Exchange Ltd. (“the Company”)

Voting Ballot in accordance with the Companies Regulations (Voting Ballots and Position Papers), 2005 (“the Regulations”)

Part One

1. **Company name:** The Tel-Aviv Stock Exchange Ltd.

2. **Type of general meeting and the time and location of its convening:**

Special annual general meeting, on Thursday, June 29, 2023 at 15:00, at the offices of the Company at 2 Ahuzat Bayit St., Tel Aviv, on the 11th Floor in Room 1101. If a quorum is not present half an hour after the time set for the opening of the meeting, the meeting shall be adjourned to Thursday, July 6, 2023, at the same place and at the same time.

3. **List of topics on the agenda that may be voted upon by the voting ballot:**

3.1 **Appointment of auditors and a report on their fees for 2022**

Wording of the proposed resolution - To appoint the Brightman Almagor Zohar Accounting Firm as the auditors of the Company.

For information on the auditors’ fees for 2022, see section 3.5 to the Board of Directors’ Report as of December 31, 2022, which is included in the Company’s Periodic Report for 2022 published on March 28, 2023 (reference no.: 2023-01-033528) (hereafter: “**the 2022 Periodic Report**”). The information that is provided in the 2022 Periodic Report is included herein by way of reference.

3.2 **Amendment to the Company’s Officers’ Compensation Policy for the Years 2023-2025**

Wording of the proposed resolution - To approve the amendment to Company’s officers’ compensation policy for the years 2023-2025, the principals of which are set out in section 2.1 below and address the adjustment of the provisions of the compensation policy to the terms of employment of the Chairman of the Board of Directors of the Company. The document presenting the amended compensation policy for the years 2023-2025 is attached, with changes marked¹, as **Appendix A** to this report (hereafter: “**the Amended Compensation Policy**” and “**the Amended Compensation Policy Resolution**”, respectively).

The Amended Compensation Policy Resolution has been approved by the Board of Directors of the Company in its meeting on May 23, 2023, following its approval by the

¹ It should be noted that the various amounts specified in the Amended Compensation Policy have been updated due to CPI-linkage. Since this linkage is in conformity with the provisions of the compensation policy, those updates have not been marked.

Company's Audit Committee in its capacity as the Company's Compensation Committee (hereafter, in this report: "**the Compensation Committee**") in its meeting on May 23, 2023.

3.3 **Appointment of a director and a chairman for the Board of Directors and approval of the terms of his employment - Prof. Yevgeny (Eugene) Kandel**

Wording of the proposed resolution - To appoint Prof. Yevgeny (Eugene) Kandel (hereafter: "**Prof. Kandel**") as a director and Chairman of the Board of Directors for a period of 5 years, in accordance with the provisions of Article 100 of the Company's Articles of Association and of Section 50B6 of the Securities Law, 1968 (hereafter: "**the Securities Law**"); and to approve the terms of his employment, in a 50% appointment percentage, so that he shall be entitled to a monthly salary of NIS 64.5 thousand (gross), an annual bonus in an amount that shall not exceed 3 times the monthly salary as well as to the grant of 319,800 warrants that are exercisable, each, into one ordinary share of the Company, all subject to and in conformity with the stated in section 2.2 of this report (hereafter: "**the Terms of Employment of the Chairman of the Board of Directors**" and "**the Resolution on the Appointment of the Chairman of the Board of Directors and the Terms of His Employment**", respectively).

The Resolution on the Appointment of the Chairman of the Board of Directors and the Terms of His Employment has been approved by the Board of Directors of the Company in its meeting on April 30, 2023, following the approval of his Terms of Employment by the Company's Audit Committee in its capacity as the Company's Compensation Committee (hereafter, in this report: "**the Compensation Committee**") in its meeting on April 30, 2023.

4. **Summary of relevant facts for topics 3.1-3.2 above**

4.1 The Amended Compensation Policy Resolution

- 4.1.1 On January 12, 2023, the general meeting of the Company's shareholders, after obtaining the approval of the Compensation Committee and the Board of Directors, approved a compensation policy for officers in the Company for the years 2023-2025(inclusive) (hereafter: "**the Compensation Policy**").
- 4.1.2 Since on the date of approval of the Compensation Policy, the Chairman of the Board of Directors was an interim appointment, without compensation, the convening notice of the Company's shareholders' meeting for the approval of the Compensation Policy stated, inter alia, that since, on the publication date of said report, a candidate has not yet been nominated for the permanent position of Chairman of the Board of Directors, and in view

of the unique status of this position at the Company, it was inappropriate, at that time, to discuss and change the provisions of the Compensation Policy that specifically address this position.

4.1.3 On April 30, 2023, the Board of Directors of the Company, after obtaining the approval of the Compensation Committee (and subject to obtaining the approval of the Company's shareholders' meeting, as described in section 3.3 above) approved, inter alia, the Terms of Employment of Prof. Kandel as Chairman of the Board of Directors. The aforesaid approval was obtained, inter alia, following the receipt of a comprehensive comparative study prepared by Compuvision, a firm specializing in executive compensation advisory services (hereafter: **"the Comparative Study"** and **"the Compensation Advisor"**, respectively), as set out in section 4.1.4 below. The Comparative Study of the Compensation Advisor contained data regarding the compensation of chairs of boards of directors in the comparable companies, both in relation to the actual terms of compensation, and in relation to the terms of compensation according to the compensation policy of each of the comparable companies (hereafter: **"the Comparative Study"**).

4.1.4 Accordingly, the Comparative Study reviewed, within the public compensation policy documents of the comparable companies, the ceilings and related benefits relating to the fixed compensation components, the variable compensation components (maximum bonus, the compensation plan, long-term mechanism), equity compensation, the ratio of the fixed component to the variable component and the terms for the termination of employment of the chair of a board of directors.

4.1.5 Accordingly, on May 23, 2023, the Board of Directors of the Company, after obtaining the approval of the Compensation Committee, approved an amendment to the Compensation Policy for the purpose of its adjustment to the Terms of Employment approved for Prof. Kandel, as follows:

4.1.5.1. Annual bonus ceiling

Section 9.2 of the Compensation Policy will be amended, to the effect that the Company shall be permitted to grant the Chairman of the Company's Board of Directors an annual bonus based on a Company-wide quantitative criterion, in an amount that shall not exceed three monthly salaries.

At the same time, a clarification will be added, that the Company shall be permitted to grant an annual bonus based on qualitative criteria solely to the CEO and to officers reporting to the CEO.

4.1.5.2. Share-based compensation

Section 10.4 of the Compensation Policy will be amended, by introducing section 10.4.3. pursuant to which the Company shall be permitted to allot to the Chairman of the Board of Directors of the Company equity compensation that shall not exceed the aggregate amount of fifteen (15) monthly salaries, and the value deriving from the division of such total amount by the number of grant years for which they are granted will not exceed five (5) monthly salaries.

To remove any doubt, it is hereby clarified that all other terms of the equity compensation prescribed in the Compensation Policy remain intact and will be applied, with the necessary changes.

4.2 Resolution on the Appointment of the Chairman of the Board of Directors and the Terms of His Employment

- 4.2.1 Subject to obtaining the approval of the Company's shareholders' meeting and to the provisions of Section 50B6 of the Securities Law, Prof. Kandel will be appointed for the position of Chairman of the Board of Directors of the Company for an initial term of five years from the commencement of his office, as described above.

Presented below is information on Prof. Kandel, as required under Regulation 26 of the Reports Regulations

Name: Yevgeny (Eugene) Kandel

I.D. No.: 017464108

Date of birth: July 6, 1959

Address for the service of process: #69 Nof Harim, Mevaseret Zion

Nationality: Israeli and U.S.

Membership in a committee or committees of the Board of Directors: No.

Is he an independent director or an outside director as defined in the Companies Law; does he possess accounting and financial expertise or professional qualifications; and is he an expert outside director: ordinary director possessing accounting and financial expertise.

Is he an employee of the Company, of its subsidiary, of its related company, or of an interested party therein: Yes, subject to obtaining the approval of the Company's shareholders' meeting, a personal employment agreement will be signed between the Company and Prof. Kandel.

Date of commencement of service as director in the Company: The date of the General Meeting's resolution and subject to the stated in Section 50B16 of the Securities Law.

His education and occupation in the last five years and details of the corporations in which he serves as a director

Education:

B.A. in Economics, Hebrew University of Jerusalem;

MBA, University of Chicago;

M.A. in Economics, Hebrew University of Jerusalem;

PhD in Business Administration and Economics from the University of Chicago.

Occupation in the past 5 years:

2004 to date: CEPR, European research center, Research Fellow

2008 to date: Hebrew University, Emil Speyer Professor of Economics and Finance, Department of Economics and Business School;

2016 to date: Israel Democracy Institute, Chair (Co-Chair since 2019) of the Eli Hurwitz Conference;

2021 to date: Start-Up Nation Policy Institute (public Benefit Company) - Co-Chair;

2015-2021: Start-Up Nation Policy Institute (public Benefit Company) - Co-Chair;

2016-2020: Prime Minister's Office, Chair of the Advisory Committee to the Prime Minister and the National Economic Council;

2019-2020: Ministry of Diaspora Affairs, Co-Chair of the committee advising the Government on safeguarding the future of the Jewish people worldwide;

2022-2023: Central Bureau of Statistics, Chair, Committee on Improvement of the Quality of Data on the Technology Sector;

2023: Water Authority, Chair, Committee on Improvement of Regulation of Mekorot, Water Authority;

Member of advisory committee: Group 107 Ltd.; Stardust Ltd.; Ignite Ltd.

Other corporations in which he serves as a director:

Kali Group Insurance Agency and Investments Marketing Ltd.; NDrip Ltd.; Credit 360 Ltd.; Factory Ltd.; Dassa Consulting and Management Ltd. (Chairman and CEO - a company **fully** owned by Prof. Kandel); Maniv Venture Capital Fund

To the best knowledge of the Company and its directors, is he related to another interested party in the Company: No

Is he a director who the Company views as possessing accounting and financial expertise for the purpose of meeting the minimum number prescribed by the Board of Directors in accordance with Section 92(a)(12) of the Companies Law: Yes

Prof. Kandel has delivered a declaration to the Company in accordance with Section 224B of the Companies Law. A copy of Prof. Kandel's declaration is attached to this report.

4.2.2 Terms of employment of Prof. Kandel

Subject to obtaining the approval of the Company's shareholders' meeting, the Company and Prof. Kandel will enter into an employment agreement, under an employer-employee relationship, by virtue of which Prof. Kandel will serve as Chairman of the Board of Directors of the Company (non-executive), including in subsidiaries of the Company, at a part-time appointment percentage of 50%. For his office, Prof. Kandel shall be entitled to compensation, as specified below:

- 4.1.5.3. The monthly salary (gross) of Prof. Kandel will total NIS 64.5 thousand (linked to the CPI for March 2023) (hereafter: "**the Salary**"), an amount that reflects a fixed monthly salary cost of approximately NIS 86 thousand. The cost of salary includes contributions to an advanced study fund, severance pay fund, and provident fund, as customary in the Company.
- 4.1.5.4. Prof. Kandel shall be entitled to an annual vacation of 14 days, of which he shall be permitted to accrue up to 7 days a year (mandatory utilization of 7 vacation days per year) and up to 14 days in aggregate.
- 4.1.5.5. Prof. Kandel shall be entitled to recreation pay as prescribed by law for 10 recreation days a year. It is hereby clarified that the aforesaid recreation pay (at the rate currently required by law), are included in the Salary, and shall not be paid on top of the Salary.
- 4.1.5.6. Prof. Kandel shall be entitled to 23 sick days a year (based on his appointment percentage).
- 4.1.5.7. Upon his appointment, Prof. Kandel shall be included in the exemption, indemnification and insurance arrangements that are currently in effect at TASE in relation to all officers.

4.1.5.8. In addition, Prof. Kandel is entitled to various benefits that are included in the Related Benefits to Managers Procedure (e.g., internet, mobile telephone, newspapers, periodic checkups, etc.).

4.1.5.9. The agreement is for an indefinite period. Each of the parties is entitled to announce the early termination of the agreement with a 90-day advance notice (subject to extraordinary circumstances that allow TASE to terminate the agreement immediately). Upon the termination of his employment, TASE will transfer to the manager the ownership of the managerial insurance policy and/or the pension fund (unless its right to do so has been revoked), this in lieu of the payment of severance pay, with the exception of circumstances that by law permit the revoking or the reduction of severance pay. Additionally, upon the termination of his employment, TASE will release the advanced study fund to the possession of Prof. Kandel.

4.1.5.10. Annual bonus

Prof. Kandel shall be entitled to an annual bonus in an amount of up to 3 salaries, based on a quantitative criterion, in accordance with a target amount of “pre-tax profit” for the Company in the relevant year. For 2023, Prof. Kandel shall be entitled to a proportionate bonus, based on the actual period in which he serves as Chairman of the Board of Directors of the Company.

4.1.5.11. Equity compensation

In his first three years in office, Prof. Kandel shall be entitled to equity compensation of 319,800 warrants that are exercisable into ordinary shares with no par value of the Company, under the terms specified below (hereafter: “**the Equity Compensation**”). At the end of his first three years in office, the Company will work to approve the grant of additional equity compensation to Prof. Kandel, based on the principle of a quantity of warrants equal to 5 Salaries for each year in office (which shall be determined based on the value of the warrants on the date of approval of the Equity Compensation), this subject to obtaining all of the approvals required by law.

5. Time and place for perusal of the complete text of the proposed resolutions:

The complete text of the proposed resolutions is available for perusal at the offices of the Company at 2 Ahuzat Bayit St., Tel Aviv, Tel: 076-8160571, during customary office hours, this until the date of the meeting.

6. The majority required to pass the resolution that is on the agenda:

- 6.1 The majority required to pass the resolution that is described in section 3.1 above is a simple majority of all the votes of the shareholders present at the general meeting, that are entitled to vote and that voted thereat.
- 6.2 The majority required for the approval of the resolutions described in sections 3.2 and 3.3 above is a simple majority of the total votes of the shareholders present at the General Meeting that are entitled to vote and that voted theret, without taking into account abstainee votes, provided that one of the following is fulfilled:
- 6.2.1 The votes comprising the majority at the general meeting shall include a majority of all the votes of the shareholders that are not the controlling shareholders of the Company² or a person having a personal interest in approving the resolutions described in sections 3.2 or 3.3, who participate in the vote; in counting the votes of the aforesaid shareholders, abstentions shall not be taken into account; any person having a personal interest shall be subject to the provisions of Section 276 of the Companies Law, *mutatis mutandis*.
- 6.2.2 The total opposing votes among the shareholders referred to in section 6.2.1 above does not exceed two (2%) percent of the total voting rights in the Company.
- It should be noted that the Company is not a “public second-tier subsidiary”, within its meaning in Section 267A(c) of the Companies Law.
7. A voting ballot of an unregistered shareholder (i.e. a person that shares are registered on his behalf with a Stock Exchange member and such shares are included in the Shareholders’ Register in the name of a Nominee Company) (“**an Unregistered Shareholder**”), shall only be valid if accompanied by a confirmation of ownership or if a confirmation of ownership has been delivered to the Company via the electronic voting system.
8. A shareholder may indicate the manner of voting in relation to each proposed resolution that is included on the voting ballot, by means of marking the “for”, “against” or “abstain” column alone, and without any change, deletion, omission, addition or qualification with regard to the wording of the proposed resolution. Voting by ballot with regard to any proposed resolution that is accompanied by a change, shall be disqualified and shall not be taken into account in any manner whatsoever for the purpose of voting on the aforesaid proposed resolution. If a shareholder has not marked the column of his choice with regard to any proposed resolution, he shall be considered as having abstained in the vote on that resolution.

² Since, to the date of convening of this meeting, there is no controlling shareholder in the Company, within the meaning of the term in the Companies Law, the majority that is required to pass the resolutions on the agenda is a simple majority of the total votes of shareholders participating in the vote.

9. A voting ballot shall be valid for a shareholder pursuant to Section 177(2) of the Companies Law (i.e., a person registered as a shareholder in the Shareholders' Register), only if it is accompanied by a photocopy of an ID certificate, passport or certificate of incorporation.
10. The voting ballot and the documents that have to be attached thereto ("**the Attached Documents**"), as specified in the voting ballot, should be delivered to the Company's offices up to 4 hours prior to the time of convening the Meeting. For this purpose, the "time of delivery" is the time at which the voting ballot and the Attached Documents arrive at the Company's offices.
11. An Unregistered Shareholder may also vote by way of an electronic voting ballot that would be transmitted to the Company via the electronic voting system ("**the Electronic Voting System**") up to 6 hours prior to the time of the meeting.
12. The address of the Company for the delivery of the voting ballots and the position papers: Company Secretariat, at the offices of the Company at 2 Ahuzat Bayit St., Tel Aviv.
13. Final date for the submission of position papers to the Company: up to 10 days prior to the date of the meeting.
14. Final date for the issue of the Board of Directors' response to the position papers: up to 5 days prior to the date of the meeting.
15. The distribution addresses of the websites of the Israel Securities Authority and the Tel-Aviv Stock Exchange Ltd. where the text of the voting ballot and the position papers can be found:

Distribution website of the Israel Securities Authority: <http://www.magna.isa.gov.il/>

Website of the Tel-Aviv Stock Exchange Ltd.: <http://maya.tase.co.il/>

16. A shareholder whose shares are registered with a Stock Exchange member is entitled to receive the confirmation of ownership 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, if so requested. A request for this purpose shall be made in advance with respect to a specific securities account.

An Unregistered Shareholder may give instructions for the transmission of his confirmation of ownership to the Company via the Electronic Voting System.
17. An Unregistered Shareholder may receive by Email, at no cost, a link to the text of the voting ballot and the position papers on the distribution website, from the Stock Exchange member through whom he holds his shares, unless he has notified the Stock Exchange member that he does not wish to receive such link or that he wishes to receive

voting ballots by post for a fee; a notice concerning voting ballots shall also apply to position papers.

18. One shareholder or more, holding shares constituting at least five percent of total voting rights in the Company, as well as anyone holding such percentage of the total voting rights that are not held by the controlling shareholder in the Company, as defined in Section 268 of the Companies Law, may peruse the voting ballots and the voting records transmitted to the Company via the Electronic Voting System, as set out in Regulation 10 of the Regulations.

Number of shares representing 5% of total voting rights in the Company: 4,938,473.2 ordinary shares of NIS 1 par value each.

Number of shares representing 5% of total voting rights in the Company not held by the controlling shareholder: 4,938,473.2 ordinary shares of NIS 1 par value each.

19. Adding a topic to the agenda

Following the publication of this voting ballot, it is possible that there may be changes to the agenda, including the addition of a topic to the agenda, making the publication of position papers likely. The up-to-date agenda and position papers published in the Company's reports can be viewed on the distribution website.

One shareholder or more, holding shares constituting at least 1% of the voting rights at the special meeting of the Company, may request the Board of Directors, up to 7 days after calling the meeting, to include a topic on the agenda of the meeting, provided that the topic is suitable to be discussed at the special meeting.

Should the Board of Directors find that a topic that was requested to be included on the agenda is suitable to be discussed at the special meeting, the Company shall prepare an updated agenda and an amended voting ballot, should this be required, and shall publish them not later than 7 days after the last date for furnishing a request for the inclusion of an additional topic on the agenda, as referred to above.

A shareholder will indicate his manner of voting in relation to the topics that are on the agenda by means of the form that is the second part of this voting ballot, and if the shareholder is voting by virtue of a power of attorney (i.e., by representative), the aforesaid information shall be provided for both the issuer and the recipient of the power of attorney.

Voting Ballot - Part Two

Company name: **The Tel-Aviv Stock Exchange Ltd.**

The address of the Company (for the delivery and mailing of the voting ballots): The offices of the Company at 2 Ahuzat Bayit St., Tel Aviv, to the care of Efrat Bank-Yogev, Adv., Deputy Company Secretary.

Company no.: 52-002003-3

Date of meeting: Thursday, June 29, 2023 at 15:00.

Type of meeting: Special annual general meeting.

Record date: Thursday, June 1, 2023.

(Up to here to be filled by the Company)

Details of the shareholder

Name of shareholder (Hebrew/English) -

I.D. no. - _____

If the shareholder does not hold an Israeli I.D. -

Passport no. - _____

Country of issuance - _____

Expiration date - _____

If the shareholder is a corporation -

Corporation no. - _____

Country of incorporation - _____

Manner of Voting

No. of topic on the agenda	Manner of Voting ¹			For the purpose of the Amended Compensation Policy Resolution and the Resolution on the Appointment of the Chairman of the Board of Directors and the Terms of His Employment - are you a controlling shareholder, an interested party, holder of personal interest in the approval of the appointment, a senior officer or an institutional investor ² ?	
	For	Against	Abstain	Yes*	No
1.2					
1.3					
1.4					

Date: _____

Signature: _____

For shareholders holding shares through a Stock Exchange member (under Section 177(1)) - this voting ballot is valid only when accompanied by a confirmation of ownership, unless voting is effected by means of the Electronic Voting System.

For shareholders who are registered in the Company's Shareholders' Register - the voting ballot is valid when accompanied by a photocopy of an I.D. certificate/passport/certificate of incorporation.

* Elaborate - on next page.

¹ **Non-marking will be deemed as abstaining on such topic.**

² If a shareholder does not fill out this column or marks “yes” without elaborating, his vote shall not be included in the vote count.

³ Within the definition of this term in Section 1 of the Securities Law, 5728-1968.

⁴ Within the definition of this term in Regulation 1 of the Supervision of Financial Services Regulations (Provident Funds) (Participation of a Management Company in a General Meeting), 5769-2009, as well as a manager of a joint investment trust fund as defined in the Joint Investment Trust Law, 5754-1994.

Details

As regarding the resolution specified in section 1.3 of the agenda (see section 3.2 of this voting ballot above):

Presented below are details concerning my being a “holder of personal interest” as regarding the Amended Compensation Policy Resolution.

As regarding the resolution specified in section 1.4 of the agenda (see section 3.3 of this voting ballot above):

Presented below are details concerning my being a “holder of personal interest” as regarding the Resolution on the Appointment of the Chairman of the Board of Directors and the Terms of His Employment.

The Tel-Aviv Stock Exchange Ltd. (hereinafter – “the Company”)

Compensation policy for Company officers for 2023, 2024 and 2025 –

(hereinafter – “the Policy” and/or “the Compensation Policy”)

1. **Background – Purposes, Content and Update**

- 1.1 In November 2012, Amendment No. 20 to the Companies Law, 1999 (hereinafter – “the Law” or “the Companies Law”, as applicable) was published, which provides for the first time the statutory principles of a compensation policy for officers of a public company or a private company that is a debentures company. On August 1, 2019, following the completion of an IPO of the Company’s shares and their listing for trade on The Tel Aviv Stock Exchange, the Company became a public company.

The updated compensation policy, as detailed in this document, defines and details the Company’s policy regarding compensation of its officers for the years 2023, 2024 and 2025. This policy is the combined product of the provisions of Amendment No. 20 that are applicable to public companies, together with the “across-the-board” principles that the Company’s Audit Committee, in its capacity as compensation committee (hereinafter – “**the Compensation Committee**”), and the Company’s Board of Directors saw fit to adopt with respect to compensation of the Company’s officers, while taking into account the Company’s peculiar characteristics and the principles of the compensation policy set by the Company for the first time in 2018 and then when it was renewed in 2021, as well as in accordance with the decision of the Shareholders meeting from January 2022 to establish a framework for granting capital compensation to the directors of the company (hereinafter: “the framework decision”). The various components of the compensation are intended to encourage the continued employment of the Company’s officers, as well as to permit employment of new and quality officers, who will be able to contribute to the Company and to advance its goals.

In preparation for the updating the Compensation Policy, an outside consulting firm specializing in executive compensation was requested to carry out a benchmark study of the compensation components included in the compensation policies of public companies with characteristics similar to those of the Company in terms of sector and volume of operations. The Updated Compensation Policy was determined, inter alia, in reference to the data of the aforesaid benchmark study.

- 1.2 The Compensation Committee will recommend to the Board of Directors, from time to time, updates to the Compensation Policy, as necessary, and will examine its implementation, inter alia, in relation to changes in the job market and/or in the applicable legislation regime, including resolutions and position papers of the Securities Authority, as may be published from time to time. It is hereby clarified that, to the extent that any exceptions to the requirements of the legislation regime are enacted in relation to the requirements that are set out in this Compensation Policy, the Compensation Committee may adopt and apply them within this Compensation Policy, and this will not be deemed as deviation from the Compensation Policy for which the approval of the General Meeting is required; in any event, the Compensation Committee and the Board of Directors will examine the Compensation Policy, substantively, once every three years, and the Compensation Policy will be approved as required by law.
- 1.3 It is emphasized that this Compensation Policy does not confer on any officer of the Company, present or future, any legal rights vis-à-vis the Company, and an officer will not have a right that is conferred by force of this Compensation Policy, to receive any of the compensation components included therein. An officer will be entitled solely to the compensation components that will be approved with respect to him by the Company’s competent organs – all subject to the provisions of law.
- 1.4 The compensation policy will apply to the service and employment conditions of the Company’s officers, which will be approved starting from the commencement date of this Policy; it is hereby clarified that this Compensation Policy does not adversely impact the

Company's undertakings and obligations vis-à-vis the officers in connection with their service and employment conditions in the Company, as they exist at the time of approval of the compensation policy.

- 1.5 In addition, the Compensation Policy does not adversely impact the rights accrued and/or that will be accrued to officers in respect of periods prior to the approval date of this Compensation Policy, or in respect of periods after this date, regarding which agreements apply that preceded the Compensation Policy.
- 1.6 The Compensation Policy is drafted in the masculine gender for purposes of convenience only and it is intended to apply to equally men and women.

2. **Definitions**

In this Compensation Policy, the terms detailed below shall have the meanings set forth alongside thereto:

- 2.1 **"A bonus"** or **"an annual bonus"** – as defined in Section 9.1.1 below;
- 2.2 **"Financial statements"** of the Company – the Company consolidated financial statements;
- 2.3 **"The Companies Law"** – the Companies Law, 1999;
- 2.4 **"CPI"** – the Consumer Price Index published by the Central Bureau of Statistics;
- 2.5 **"Monthly salary"** –

Regarding an officer that is a Company employee – the base monthly salary (gross), within the meaning thereof in Section 7.1.1 below, for the month of December of a calendar year. It is hereby clarified that the base monthly salary (gross) does not include the accompanying conditions, as defined in Section 2.9 below or any bonus or other payment;

Regarding the Chairman of the Board of Directors who provides services to the Company through a management company – management fees for the month of December of a calendar year.

- 2.6 **"Officer"** – an officer as defined in the Companies Law, except a director but including the Chairman of the Company's Board of Directors, unless expressly determined otherwise in this compensation policy;
- 2.7 **"Unusual reason"** – in connection with termination of the employee-employer relationship – a reason or basis for termination of the employment under unusual circumstances, including, but not only, a lack of integrity vis-à-vis the Company or a subsidiary, disobedience, malice, breach of a duty of trust, disclosure of confidential information regarding the business of the Company or a subsidiary, conduct that adversely impacts the business of the Company or a subsidiary or a material breach of the employment agreement or any other obligation vis-à-vis the Company or a subsidiary;
- 2.8 **"Conclusion of the employee-employer relationship"** – conclusion of the employee-employer relationship in accordance with law, and regarding the Chairman of the Board of Directors who provides services to the Company, conclusion of the agreement for provision of the said services;
- 2.9 **"Accompanying amounts"** – provisions for social benefits, tax gross-ups, accompanying payments and reimbursement of expenses (including in respect of vehicles costs) as stated in Section 7.1.2 below;

- 2.10 **“Variable compensation”** – cash bonuses and a share-based compensation, as stated in Sections 9 and 10 below, as well as an early notification fee, an adaptation grant and/or supplemental severance pay, as stated in Section 13 below;
- 2.11 **“Fixed compensation”** – the entire cost of employment of the officer to the Company in respect of a monthly salary and accompanying amounts, not including accounting provisions in respect of vacation, long-term liabilities to employees and liabilities relating the past. It is hereby clarified that the cost of the fixed compensation does not include variable compensation;
- 2.12 **“Bonus year”** – each of the years 2023, 2024 and 2025;
- 2.13 **“Leniency Regulations”** – the Companies Regulations (Leniencies in Transactions with Interested Parties), 2000.

3. **Purpose of the Compensation Policy**

The Compensation Policy is intended to assist in attaining the Company’s long-term work targets and plans, by means of:

- 3.1 Creation of a reasonable and appropriate set of incentives for the Company’s officers, taking into account, among other things, the Company’s characteristics, its business activities, its risk management policies and its employment relationships.
- 3.2 Provision of competitive compensation with reference to the market and providing tools that are required for recruiting, incentives and retention of qualified and skilled managers in the Company, who will be able to contribute to the Company and to maximize its profits with a long-term outlook.
- 3.3 Provision of compensation based on performance, while adjusting the compensation of the officers to their contribution to attaining the Company’s targets and maximizing its profits, with a long-term outlook and in accordance with their positions.
- 3.4 Creation of an appropriate balance between the various compensation components (such as, fixed components versus variable components, and short-term components versus long-term components).
- 3.5 Granting of long-term equity compensation – this being, among other things, with the goal of creating an incentive to increase the value of the Company in the long run, and in order to create identical interests between the officers and the Company’s shareholders.

4. **Parameters for Examining the Compensation Conditions**

Set forth below are the general parameters that will be taken into account when examining the compensation conditions of the Company’s officers:

- 4.1 The education, qualifications, expertise, professional experience and accomplishments of the officer.
- 4.2 The officer’s position in the Company and prior salary agreements the Company signed with him.
- 4.3 The contribution of the officer to the Company’s performance, profits and stability.
- 4.4 Areas of the officer’s responsibility as part of his position with the Company.

- 4.5 The Company's need to retain the officer in light of his qualifications, knowledge and/or special expertise.
- 4.6 The reasonableness of the relationship between the cost of the officer's compensation and the cost of the compensation of the Company's other employees, taking into account, among other things, his position and the extent of the responsibility imposed on the officer, as well as the Company's activities, its size and the mix of the personnel it employs.

5. **The Relationship between the Compensation of the Officer and the Average and Median Salary of all of the Company's Employees**

In determination of the compensation conditions of a Company officer, an examination will be made of, among other things, the relationship between the total cost of the compensation of the Company officer and the total cost of the compensation of the Company's other employees and of the contractor workers employed at the Company, and in particular, the relationship of the average salary and the median salary of employees as stated and the impact of the differences between them on the employment relationships in the Company – this being while taking into account the nature of the officer's position, his seniority, the extent of the responsibility imposed on him and the number of the Company's employees. As part of the process of formulating the Compensation Policy detailed below, the Compensation Committee and the Board of Directors examined the relationship between the total cost of the compensation of each of the Company's officers and the total cost of the compensation of the rest of the Company's employees (including contractor workers) and the relationship between the total cost of the compensation that is possible in accordance with this Compensation Policy of the Chairman of the Board of Directors, the CEO and the rest of the officers and the cost of the average salary and the median salary of the rest of the Company's employees (including contractor workers). The Compensation Committee and the Board of Directors believed that the said relationships are reasonable and that they do not have an unfavorable impact on the Company's work relationships.

Set forth below is detail of the relationships between the maximum total cost of the compensation of the Company's officers in accordance with this compensation policy¹ and the total average/median compensation cost of the rest of the Company's employees and of the contractor workers employed at the Company (based on the actual total costs of the compensation in 2021 of the rest of the Company's employees and of contractor workers)²:

Position	Ratio of the maximum compensation of the officer to the average compensation of the rest of the Company's employees (including contractor workers)	Ratio of the maximum compensation of the officer to the median compensation of the rest of the Company's employees (including contractor workers)
Chairman of the Board of Directors	5-385.96	5-826.45
CEO	9.35	10.11
officers reporting to the CEO	4.74	5.12

6. **Compensation Conditions – General**

¹ The compensation of the officers was calculated in accordance with the total possible maximum compensation, pursuant to this Compensation Policy for a full-time position (that is, based on the fixed compensation ceiling plus the variable compensation ceiling and without taking into account adaptation grants and/or supplemental severance pay).

² Calculation of the total compensation of the rest of the Company's employees (including contractor workers) relates to the Company's employees that worked in all of 2019. Regarding part-time employees or employees that were employed for part of the year, their compensation conditions were adjusted so that they will reflect a full-time position.

- 6.1 The compensation conditions offered to a Company officer will be determined while referring to the existing compensation conditions of the Company's other officers and might be determined with reference to the customary compensation conditions in the market and industry for officers serving in similar positions. (In this context it is noted that the Company is unique and there are no other companies in the Israeli market that are the same as it. Accordingly, to the extent a comparison is made, as stated, the reference indices for purposes of comparison to the Company may include fair value indices and financial indices, such as revenues / profit / shareholders' equity / total assets, as well as operational indices, such as, number of employees).
- 6.2 The Company will be permitted to grant the officers (all of them or some of them), compensation that will include a salary and financial bonuses; in addition, the Company will be permitted to grant the officers share-based compensation – all as detailed in this Compensation Policy.
- 6.3 It is hereby clarified that this Compensation Policy does not adversely impact agreements or compensation that were approved prior to approval of this Compensation Policy.

7. **The Fixed Compensation Conditions of the Officers**

7.1 Monthly salary and accompanying conditions

7.1.1 Monthly salary

- A. The monthly salary of the officer includes a base salary that constitutes fixed compensation the purpose of which is to compensate the officer for the time and resources invested by him in performance of his position in the Company and for execution of the current tasks included as part of his position. The monthly salary will be updated once every three months based on the increase in the CPI. If there is decrease in the CPI, the monthly salary will not decline, however the decrease in the CPI will be offset against the next update in respect of an increase in the CPI.

It is hereby clarified that the monthly salary includes recreation pay and the officer will not be entitled to payment of any recreation amounts in addition to his monthly salary.

- B. The monthly management fees paid to the Chairman of the Board of Directors will be linked to the CPI, in full, as detailed in subsection A., above.

7.1.2 Accompanying conditions

- A. In addition to the base salary, the Company is permitted to grant the officers the following accompanying conditions, all in accordance with the general procedure concerning officers, as may be approved from time to time by the Compensation Committee (hereinafter - **“the Accompanying Conditions Procedure”**):

(1) Vehicle

The Company is permitted to provide a vehicle for the officer's use and to bear all the expenses relating to use and maintenance of the vehicle (including a cellular data package for satellite navigation purposes, etc.) (hereinafter - **“the Vehicle Benefit”**). TASE may bear any tax that is imposed on the Chairman and the CEO in respect of such car. In addition, TASE may continue to bear any such tax that is imposed on

any other manager, provided that it has borne such tax in respect of the same manager prior to the Date of approval of this Policy. Vehicles will be made available to officers reporting to the CEO within the framework of leases, in a ceiling amount that shall not exceed NIS 6,500 per month (this ceiling amount includes VAT and is based on a lease period of 36 months). The Company may pay an officer, at his request, a monetary amount in lieu of the Vehicle Benefit, provided that the cost to the Company of such payment does not exceed the cost that it would have borne for the Vehicle Benefit. It is hereby clarified that the Vehicle Benefit or the monetary amount in lieu of the Vehicle Benefit supersede any obligation for travel pay under the law.

(2) Telephone and Internet

The Company is permitted to provide a cellular telephone for the officer's use and to bear the expenses relating to its maintenance, as well as to purchase cellular data packages for the officers, including for use in mobile devices.

In addition, the Company is permitted to participate in the expenses in respect of use of the Internet in the officer's home – up to a ceiling of NIS 200 per month.

(3) Annual vacation

The officers are entitled to annual vacation of not more than 25 work days (based on a work week of 5 days). The vacation days may be accumulated – up to 60 work days.

Upon conclusion of the employee-employer relationship, the officer will be entitled to redeem the balance of the accumulated vacation days, subject to the permissible accumulation limits, as stated above. Alternatively, the Company is permitted to provide the officer a right to choose that his work period will be extended by a number of days that is equal to the vacation days accumulated (subject to the permissible accumulation limits) but not utilized (that is, one day of extension of the work period against one day of vacation for redemption) – this being in place of their monetary redemption.

It is hereby clarified that the officer will not have a right to redemption of vacation days during the period of his employment.

(4) Sick days

The officers are entitled to up to 23 calendar sick days per year; the sick days may be accumulated; accumulated sick days will not be redeemable at the time of conclusion of the employee-employer relationship or at any other time.

(5) Social benefits

The officers are entitled to social benefits, such as, provisions for annuities, pension, disability and severance benefits, as well as for an advanced education fund (hereinafter – “**the Provisions for Social Benefits**”). Subject to the provisions of the law, the maximum rate of provision for the provident component in any type of pension insurance

arrangement (managerial insurance, pension fund etc.) will not exceed 7.5% of the monthly salary, including a provision for a loss of work capacity component. If insurance coverage cannot be obtained for the loss of work capacity component, a provision at the full rate agreed upon with the employee (i.e., as appearing in the employee's personal employment agreement) will be made in the provident component of his pension insurance arrangements.

(6) Miscellaneous

- (a) The Company is permitted to bear the expenses in respect of a professional license fee, membership in professional societies and professional liability insurance, participation in conferences and seminar days, subscriptions (including digital) to daily newspapers and/or professional periodicals, the cost of recreation and employee engagement activities organized by the Company, payment for parking, use of highway toll roads in Israel, congestion charges, a work seniority gift (when the officer reaches 15 up to 45 years of service with the Company), a festival gift, a gift for a birthday or a family event, a gift for a child/grandchild upon entering into first grade (gift – including in the form of gift cards), assistance and refreshments for family bereavement, annual medical examinations and participation in the costs involved in obtaining collective health insurance plans for all employees in the Company.

The Company is permitted to bear payment of the tax gross-up in respect of the value of the said benefits.

- (b) In addition, the Company is permitted to bear reimbursement of expenses relating to fulfillment of tasks of the officers in the Company, including expenses for taxis and entertaining within as part of the position, as is customary in the Company.

The Company is permitted to bear payment of the tax gross-up in respect of the said expense reimbursements.

In addition, the Company is permitted to grant loans to the officers, as is customary in the Company.

- B. Regarding the Chairman of the Board of Directors who provides services to the Company through a management company, the Company is permitted to reimburse expenses to the management company that were expended in connection with provision of the services, including, expenses for flights and lodging outside of Israel, entertainment expenses in and outside of Israel, taxis, parking and messenger service, as well as for participation in conference and seminar days – all as is customary in the Company with respect to other officers in accordance with the Accompanying Conditions Procedure.

It is hereby clarified that the mere approval of this Compensation Policy does not constitute an obligation on the part of the Company to pay any of the accompanying conditions detailed above, and that grant of any payment, as stated, shall be made only after approval by the Company's competent organs, as applicable.

7.2 Ceiling for the fixed compensation

7.2.1 In the period of the Compensation Policy, the ceiling for the annual fixed compensation for Company officers, with respect to a full-time position, for every grant year, is as shown below:

Officer	Ceiling for the Annual Fixed Compensation*	Ceiling for the Annual Fixed Compensation* (linking to September 2022 <u>April 2023</u> index)
		(In Thousands of NIS)
Chairman of the Board of Directors**	1,867	<u>2,026</u> ,075
CEO	2,404	<u>2,608</u> ,671
Officers reporting to the CEO	1,276	<u>1,384</u> ,418

* For purposes of calculation of compliance with the ceiling for the annual fixed compensation, as stated above, account will not be taken of reimbursed expenses, as detailed in Sections 7.1.2A(6)(b) and 7.1.2B above.

** On the approval date of the amendment to this Compensation Policy, the Audit Committee, in its capacity as Compensation Committee, and the Board of Directors of the Company approved the proposed terms of compensation for the nominated Chairman of the Board of Directors, this subject to obtaining the approval of the Company's shareholders' meeting. It should be noted that the provisions of the aforesaid amendment are consistent with the proposed terms of compensation. ~~On the approval date of this Compensation Policy is an interim Chairman without compensation.~~

7.2.2 A. The ceiling for the annual fixed compensation, as stated in Section 7.4.1 above, will be updated once every three months, in accordance with the increase in the CPI that is known on the date of the update, measured against the CPI for January 2018. If there is decrease in the CPI, the ceiling will not decline, however the decrease in the CPI will be offset against the next update in respect of an increase in the CPI.

B. Fixed compensation for an officer reporting to the CEO, as stated in Section 7.4.1 above, in excess of NIS 1,132,000— thousand per year (NIS ~~1,228,214~~ 1,257 thousand linking to ~~September 2022~~ April 2023 index), will require approval of the Board of Directors, after approval of the Compensation Committee has been received, and provided that the decision regarding this matter is made by the Compensation Committee with the consent of at least every member of the Committee serving on the date the decision is made, less one (for example, if on the date the decision is made five (5) members of the Committee are serving on the Compensation Committee, then the decision with respect to the matter must be made with the consent of at least four (4) members).

That stated in the subsection B., above, will no apply with respect to approval of insignificant changes in the service and employment conditions, in accordance with Section 272(D) of the Companies Law, as stated in Section 8, below.

8. **Insignificant Changes in the Service and Employment Conditions of an Officer that Reports to the CEO**

Pursuant to the provisions of Section 272(D) of the Companies Law, it is hereby provided that all the changes that are not significant in the service and employment conditions of an officer that reports to the CEO, which are made after the service and employment conditions were last approved by the Company's competent organs (excluding changes that derive from linkage of the salary to the CPI), may not exceed a cumulative total of 5% of an amount that is equal to the total amount of the annual amount of the fixed compensation plus the variable compensation, for an officer that reports to the CEO, as it was approved by the Company's competent organs (hereinafter in this Section – **“an Insignificant Quantitative Change”**). If and to the extent the change does not relate to a quantitative value, the significance will be examined based on the nature and substance of the matter. An Insignificant Quantitative Change or a change that is not quantitative that the Compensation Committee determined is not significant is to be approved solely by the Compensation Committee.

9. **Cash Bonuses**

9.1 **General**

9.1.1 The Company is permitted to grant to the officers an annual cash bonus (hereinafter – **“the Bonus”** or **“the Annual Bonus”**), for each of the years 2023, 2024 and 2025.

9.1.2 The entitlement to a bonus will be determined in accordance with a measurable quantitative criterion (Company-wide), as detailed in Section 9.2.2, below, as well as pursuant to qualitative criteria, as detailed in Section 9.2.3 below.

(The Bonus component that will be determined based on a Company-wide quantitative criterion, as stated above, will be referred to hereinafter as – **“the Quantitative Component”**), and the Bonus component that will be determined based on qualitative criteria, as stated above, will be referred to hereinafter as – **“the Qualitative Component”**).

9.1.3 A. If the employee-employer relationship between the officer and the Company commences after January 1 of any Bonus year, but not later than June 30 of that Bonus year, and does not end prior to the end of that Bonus year, the officer will be entitled to a proportionate part of the Bonus for that Bonus year, based on its terms, for the period in which he actually worked in that Bonus year.

Notwithstanding that stated above, the Company's competent organs will be permitted to decide that payment of the proportionate part of the Bonus to the officer will be postponed by a year compared with the relevant date, as applicable, on which the bonus would have been paid to the officer if he had not started his employment late, as stated above.

B. Notwithstanding that stated in subsection A., above, the Company's competent organs will be permitted to decide that under certain circumstances the officer will be entitled to the proportionate part of the Bonus, as stated in subsection A., above, even if he commenced his employment after June 30 of any Bonus Year.

9.1.4 A. If the employee-employer relationship between the officer and the Company ends prior to the end of a Bonus year, the officer will not be entitled to receive any part of the Bonus for that Bonus year, unless the Company's competent organs will decide otherwise.

- B. It is hereby clarified that an officer that did not actually work in the early notification period, as stated in Section 7.2.2 above, will not be entitled to a Bonus for this period.

9.1.5 Notwithstanding that stated in Section 9.1.4A., above, if the employee-employer relationship between the officer and the Company comes to an end due to an unusual reason, the officer will not be entitled to receive a Bonus that has not yet been paid up to the earlier of the conclusion date of the employee-employer relationship between the officer and the Company or up to the date of delivery of the employment termination letter to the officer.

9.2 Components of the annual bonus

9.2.1 Ceiling for the annual bonus

The Company is permitted to grant an annual bonus to an officer for each of the years 2023, 2024 and 2025, in an amount that does not exceed seven (7) monthly salaries, as detailed below:

- A. An annual bonus in an amount, which will be determined on the basis of a Company-wide quantitative criterion, as detailed in Section 9.2.2, below, [to the Chairman of the Board of Directors and the CEO](#) – up to three (3) monthly salaries and an officer reporting to the CEO – up to four (4) monthly salaries;

And

- B. An annual bonus in an amount that does not exceed three (3) monthly salaries, [to the CEO and to an officer reporting to the CEO](#), which will be determined on the basis of qualitative criteria, as detailed in Section 9.2.3, below.

(The ceiling for the Bonus the Company is permitted to grant on the basis of a Company-wide quantitative criterion, as detailed in Section 9.2.1A.(1) and B., above, as applicable, will be referred to hereinafter as – “**the Quantitative Component Ceiling**”, and the ceiling for the Bonus the Company is permitted to grant based on qualitative criteria, as detailed in Section 9.2.1B, above, as applicable, will be referred to hereinafter as – “**the Qualitative Component Ceiling**”).

9.2.2 The quantitative component

- A. The entitlement of an officer to an Annual Bonus, for any Bonus Year, in respect of the quantitative component, will be determined pursuant to the Company’s “pre-tax profit”, in accordance with the Company’s financial statements for the Bonus year.

The Compensation Committee and the Board of Directors will be permitted to decide to eliminate unusual income or losses, for purposes of calculation of the Company’s “pre-tax profit”, for any Bonus year. It is hereby clarified that an elimination decision, as stated, shall be brought for approval of the General Meeting, to the extent it is so required by law.

Regarding this matter –

“**Pre-tax profit**” – the profit reported in the Company’s statement of profit (consolidated) for the year relating to December 31 of any Bonus year, as

appears in the “profit before tax” line, prior to elimination of “unusual income and losses”.

“Unusual income and losses” – income and losses deriving from non-recurring or extraordinary events, in any Bonus year, which were defined as such by the Compensation Committee and the Board of Directors, for purposes of calculation of the Bonus in respect of the quantitative component, for that Bonus year.

- B. For purposes of calculating the entitlement to a Bonus in respect of the quantitative component, as stated above, the Compensation Committee and the Board of Directors of the Company will approve, for each Bonus Year and not later than March 31 of each Bonus Year, a “pre-tax profit” start target, goal target and maximum target (such targets shall be hereinafter referred to as **“the Start Target”**, **“the Goal Target”** and **“the Maximum Target”**, as appropriate). The targets will be set in reference, inter alia, to the annual budget approved for the same Bonus Year and in a manner that creates an incentive for the officers to meet the annual budget and even outperform it.
- C. In this subsection C., hereinafter – “the Maximum Quantitative Bonus” means – with respect to [the Chairman of the Board of Directors and the CEO](#) - an amount equal to three (3) monthly salaries with respect to officer reporting to CEO - an amount equal to four (4) monthly salaries.

The part of the Maximum Quantitative Bonus that is to be paid to each officer, is to be calculated as follows:

- (1) Compliance on the part of the Company with the Start Target in any Bonus Year, will entitle each officer to one-third (1/3) of the Maximum Quantitative Bonus, i.e., [the Chairman of the Board of Directors and the CEO](#) - an amount equal to one (1) monthly salary and an officer reporting to CEO - an amount equal to 1.33 monthly salaries;
- (2) Compliance on the part of the Company with the Goal Target in any Bonus Year, will entitle each officer to two-thirds (2/3) of the Maximum Quantitative Bonus, i.e., [the Chairman of the Board of Directors and the CEO](#) - an amount equal to two (2) monthly salaries and an officer reporting to CEO - an amount equal to 2.66 monthly salaries;
- (3) Compliance on the part of the Company with the Maximum Target in any Bonus Year, will entitle each officer to the full amount (100%) of the Maximum Quantitative Bonus, i.e., [the Chairman of the Board of Directors and the CEO](#) - an amount equal to three (3) monthly salaries and an officer reporting to CEO - an amount equal to 4 monthly salaries;
- (4) Compliance on the part of the Company with a target that is between the Start Target and the Goal Target will entitle each officer to a proportionate amount that is to be calculated (linearly) in the range between one-third (1/3) and two-thirds (2/3) of the Maximum Quantitative Bonus;
- (5) Compliance on the part of the Company with a target that is between the Goal Target and the Maximum Target will entitle each officer to a proportionate amount that is to be calculated (linearly) in the range

between two-thirds (2/3) and the full amount (100%) of the Maximum Quantitative Bonus;

- (6) If the Company does not comply with the Start Target in any Bonus Year, then the officer will not be entitled to any portion of the Maximum Quantitative Bonus for that Bonus Year.

- D. It is hereby clarified that the calculation of the amount of the Annual Bonus in respect of the quantitative component will be presented to the Compensation Committee and the Board of Directors in their meetings for the approval of the Annual Bonus in respect of the qualitative component, as described below.

9.2.3 The qualitative component

The entitlement of each officer to an Annual Bonus, for any Bonus Year, in respect of the qualitative component, will be determined as follows:

- A. At the end of every year, the Compensation Committee and the Board of Directors will evaluate compliance by the officer with qualitative criteria that are not measureable: included as part of the qualitative criteria will be, among other things, parameters, such as, the contribution to maximization of the Company's income and success, risk management and compliance, leadership and management of employees, professionalism, quality, efficiency, responsibility, involvement, initiative and interpersonal relationships, contribution to realization of the Company's strategic plan and work plan, and advancement and implementation of processes. Except in relation to the Chairman of the Board of Directors, such evaluation will be discussed after receiving the CEO's assessment concerning officers reporting to the CEO, or of the Chairman of the Board of Directors' assessment of the CEO, this without prejudice to the authority of the Audit Committee and the Board of Directors to make such evaluation.
- B. The entitlement of each officer to an Annual Bonus, in respect of the qualitative component, will be determined in accordance with the evaluations of the Compensation Committee and the Board of Directors, as stated above; however, if the "pre-tax profit" (as defined in Section 9.2.2A., above) for any Bonus Year, will be an amount that is not positive, the decision of the Compensation Committee to grant an annual Bonus in respect of the qualitative component, as stated above, will require the consent of all the members of the Compensation Committee serving thereon on the date the decision is made. It is hereby clarified that the actual grant of the amount of the Bonus in respect of the qualitative component, is subject to approval by the Company's competent organs and the provisions of law³.

It is hereby clarified that in any case, the amount of the Annual Bonus that will be paid to each officer in respect of the qualitative component, for any Bonus Year, may not exceed the ceiling for the qualitative component, as detailed in Section 9.2.1 above.

³ The actual grant of the amount of the bonus in respect of the qualitative component to each officer, excluding the Chairman of the Board of Directors, is subject to the approval of the Compensation Committee and the Board of Directors. For the Chairman of Board of Directors – approval by the Compensation Committee, the Board of Directors and the General Meeting.

9.2.4 Calculation of the Annual Bonus

The amount that is received from calculation of the bonus amounts in respect of the quantitative component and the qualitative component, as detailed above, for each officer, in respect of every Bonus Year, will constitute the amount of the Annual Bonus to be paid to each of them for that Bonus Year.

9.2.5 Date of payment of the Annual Bonus

The amount of the Annual Bonus that each of the officers will be entitled to, for every Bonus Year, will be paid shortly after approval of the Company's financial statements for that Bonus Year.

10. Share-Based Compensation

In the period of the Compensation Policy, the Company will be permitted to grant equity compensation to officers reporting to the CEO (hereinafter in this Section 10, also: "**Grantees**") – and the following provisions will apply:

- 10.1 The equity compensation will include options that are exercisable for shares of the Company and/or restricted share units and/or restricted shares (hereinafter – "**the Equity Compensation Units**"), in accordance with an equity compensation plan that will be approved by the Compensation Committee and the Board of Directors and pursuant to its terms (hereinafter – "**the Equity Compensation Plan**" or "**the Plan**").
- 10.2 The Equity Compensation Units will be granted to the Officers in accordance with the provisions of Section 102 of the Income Tax Ordinance, under the Capital Gain Track, through a trustee that is appointed by the Company (And this, for the avoidance of doubt, also in relation to the offeror to whom the provisions of section 102 of the Income Tax Ordinance do not apply with regard to the options that will be granted to him. It will be clarified that the conditions and limitations existing in the capital gain track in section 102 of the Income Tax Ordinance, including the "end of period" limitations, will apply to such an offeror.)*.
- 10.3 The Equity Compensation Units will be issued in the name of the trustee, for the Officers, in one or more batches that will vest over the defined periods; a grant, as stated, will be made shortly after the date on which all the approvals required for the grant are received (hereinafter – "**the Grant Date**").
- 10.4 The number of Equity Compensation Units that will be granted under the Equity Compensation Plan will be determined subject to the following conditions:
 - 10.4.1 The number of Equity Compensation Units that will be granted for every Officer who is not a director, in aggregate, over the years of grant will be determined in such a manner that the total value of all the Equity Compensation Units that will be granted for the Officer, as above, will not exceed the total amount of eighteen (18) monthly salaries of that Officer, and the value deriving from the division of such total amount by the number of grant years for which they are granted will not exceed six (6) monthly salaries of that officer.
 - 10.4.2 The number of Equity Compensation Units that will be granted for every director will be determined in such a way that the total fair value of the options that will be granted to each executed director, at the time of the grant, will be nine times the average monthly remuneration of the directors and the value resulting from the division of the total amount as stated by the number of years of service for which they will be granted, will not exceed Three times the average monthly remuneration of the directors for each year of office as mentioned.

The average monthly remuneration of the directors will be calculated on the basis of the annual remuneration and the participation remuneration of the directors, as they will be at the time of award. In the matter of calculating the average monthly remuneration of the directors, the amount of the annual remuneration will be divided by 12 and for the purpose of determining the average monthly participation remuneration, the number of meetings of the company's board of directors and its committees during the two calendar years preceding the grant date will be taken into account, multiplied by the participation remuneration and divided by 24.*

* These sections are an adaptation of the remuneration policy provisions to the framework decision.

10.4.3 The number of Equity Compensation Units that will be granted for the Chairman of the Board of Directors, in aggregate, over the years of grant will be determined in such a manner that the total value of all the Equity Compensation Units that will be granted for the Chairman of the Board of Directors, will not exceed the total amount of fifteen (15) salaries of the Chairman of the Board of Directors, and the value deriving from the division of such total amount by the number of grant years for which they are granted will not exceed five (5) salaries of the Chairman of the Board of Directors.

- 10.5 The value of the Equity Compensation Units will be calculated based on the value of the Equity Compensation Units at the time of approval of their grant by the Board of Directors, as was presented to the Board of Directors on the approval date of the grant. The aforesaid value will be determined in accordance with the method used to determine the value of the benefit relating to the grant of the Equity Compensation Units for the purpose of recognizing the expense in the financial statements of the Company. Subject to the provisions of the law, the Company may condition the vesting of Equity Compensation Units on the continued employment of the Grantee over a period of time and/or the meeting of personal or corporate targets by the Grantee, and to prescribe qualifications and exceptions in the event of conclusion of the employee-employer relationship.

(The date of fulfillment of the conditions and the above-mentioned dates will be referred to hereinafter as – **“the Vesting Date”**).

- 10.6 The Company will grant the Equity Compensation Units to the officers without the payment of consideration by the officers.
- 10.7 As regarding Equity Compensation Units that are options –

The Options included in any Annual Portion will be exercisable commencing from the Vesting Date of that Annual Portion, as stated in Section 10.5 above, and up to the end of four years from the grant date of the Options.

- 10.7.1 On the exercise date the Offeree will not be required to pay the exercise price (within the meaning thereof in Section 10.7.2 below) and the exercise price will serve solely for purposes of determining the amount of the monetary benefit and the number of exercise shares that will actually be granted to the Offeree, as stated in Section 10.7.4 below.
- 10.7.2 The exercise price of the Options will not be less than an amount that is equal to about one hundred and five percent (105%) of the average closing prices of the share of the Company on TASE during a period of at least thirty (30) trading days preceding the date of approval of the grant by the Company's Board of Directors (hereinafter – **“the Exercise Price”**).
- 10.7.3 The amount of the benefit that will derive to the Grantee in respect of every Option he will exercise, will be equal to the amount of the difference between (a) the average (adjusted) closing prices of the Company's share on TASE in a period identical to

that used to determine the Exercise Price, which preceded the date on which the Grantee delivered an exercise notification and (b) the Exercise Price.

- 10.7.4 The number of shares of the Company that will be allotted to the Grantee upon exercise of the Options, will be calculated in accordance with a cashless net exercise mechanism, such that as a practical matter, at the time of exercise of the Options, a number of shares of the Company will be allotted for the Officer that reflects the amount of the benefit embedded in the said Options (based on corresponding measurement periods of the average price of the share, as detailed in Section 10.7.3 above).
- 10.7.5 In the Options Plan, adjustments may be provided to protect the Grantees, including, adjustments in respect of a dividend, bonus shares, changes in equity (consolidation or split-up), issuance of rights, a change in the Company's structure, merger, sale of the Company's issued share capital or the Company's assets, and the like.
- 10.8 The Manager of the Equity Compensation Plan will be the Company's CEO; the Manager of the Options Plan will be authorized to utilize all the powers and authorities for purposes of running the plan and interpretation thereof, as will be provided regarding this matter in the Options Plan.

11. Return of Variable Compensation paid based on Erroneous Financial Information

- 11.1 An Officer is to return to the Company, including by means of an offset, variable compensation granted to him, if it was granted to him based on data that turned out to be erroneous and that was restated in the Company's financial statements for any of the three years (or any part thereof) after the end of the calendar year in respect of which the variable compensation was granted and not later than the passage of three years from the conclusion date of the employee-employer relationship between the Officer and the Company.
- 11.2 It is hereby clarified that a restatement as a result of a change in an accounting policy or initial adoption of an accounting policy, and including as a result of a change in the accounting principles that apply to the Company, will not give rise to a return of variable compensation by the Officer, as stated above.
- 11.3 The Compensation Committee and the Board of Directors will decide with respect to the manner of implementation of the return (repayment) mechanism, as stated above, based on their discretion, including refraining from demanding a return where the amount of the return is less than 10% of the amount of the variable compensation, and the taking into consideration, in determining the amount of the return, tax benefits that derived to the Company from the payment of the variable compensation and/or tax payments borne by the officer in respect of the surplus amount of variable compensation.

12. Authority of the Board of Directors to Reduce the Variable Compensation

The Board of Directors will be permitted, for any reason whatsoever, to reduce the variable compensation as detailed in this Compensation Policy (including, to reduce the number of Equity Compensation Units that the Offerees, all of them or part of them, will be entitled to under the Equity Compensation Plan), and even to determine that the Officers or some of them, will not be entitled to variable compensation at all – all of this based on the discretion of the Board of Directors.

13. Conditions Relating to the Conclusion of Employment

13.1 Early notification

13.1.1 The officer's employment agreement will be for an unlimited period; the Company is permitted to determine that each party will be entitled to give notice to the other party of conclusion of the employment agreement, with early notification of not more than ninety (90) days.

13.1.2 During the early notification period, the officer will be required to continue to execute his position, unless the Company will decide that he shall not actually continue to execute his position.

13.1.3 Regarding entitlement to an Annual Bonus in a case of conclusion of the employee-employer relationship, the provisions stipulated in Sections 9.1.4 and 9.1.5, above, will apply.

13.1.4 Regarding entitlement to equity compensation in a case of conclusion of the employee-employer relationship, the provisions stipulated in Sections 10.7.6 and 10.7.7, above, will apply.

13.2 Adaptation grant

The Company's competent organs will be permitted to grant Company officers a one-time adaptation grant in a case of dismissal only (other than under circumstances that entitle the Company by law to deny or reduce the severance pay), in an amount not in excess of three (3) monthly salaries (above and hereinafter – "**Adaptation Grant**").

13.3 Severance pay

13.3.1 In the event of the conclusion of employment due to dismissal (other than the conclusion of employment by the Company under circumstances that entitle it by law to deny or reduce the severance pay), the officer shall be entitled to severance pay pursuant to the law (including in accordance with Section 14 of the Severance Pay Law, 1963).

13.3.2 Notwithstanding the aforesaid, an officer who during his employment in the Company had been included in the collective agreement of the Company's employees (hereinafter – "**the Collective Agreement**") and who shifted to an individual employment agreement due to his appointment as an officer, provided that the conclusion of employment is not due to an unusual reason, shall be entitled to payment in the amount of the difference between (a) the severance pay component accrued in his name during his period of employment under the Collective Agreement and (b) the amount of severance pay to which the officer would have been entitled under the Collective Agreement in the event of dismissal for the period of his employment under the Collective Agreement, based on his monthly salary (above and hereinafter – "**Supplemental Severance Pay**"). The entitlement to Supplemental Severance Pay may be determined in advance as part of his employment agreement or in retrospect on the date of conclusion of his employment.

13.3.3 If the payment of the Supplemental Severance Pay does not conform to the provisions of the officer's employment agreement, the Compensation Committee and the Board of Directors may approve entitlement to Supplemental Severance Pay, at their discretion, after receiving the recommendation of the function in charge of the officer.

13.3.4 To remove any doubt, the balance of the provisions accrued in funds in the name of the officer in respect of the severance pay component will be deducted from any amount of severance pay that is paid to the officer under this section above.

14. **Relationship of the Fixed Compensation to the Variable Compensation**

The maximum annual variable compensation of an Officer (excluding early notification fees, Adaptation Grant and/or Supplemental Severance Pay, to the extent approved, as stated in Section 13 above), may not exceed 90% of the fixed compensation of the Officer (for purposes of calculation of the fixed compensation, regarding this matter, reimbursement of expenses will be deducted, as detailed in Sections 7.1.2A.(6)(b) and 7.1.2B., above).

15. **Insurance**

In this Section 15 hereinafter, “**an Officer**” – within the meaning thereof in the Companies Law and/or under any law, including a party serving on a committee of the Board of Directors who is not a member of the Board of Directors.

15.1 The Company is permitted to take out policies for insurance of the liability of the directors and the other Officers serving from time to time (including those that will be appointed in the future) or that served in the Company and/or in subsidiaries of the Company and/or in any company in which the Company holds securities directly and/or indirectly. As part of the insurance policies, as stated, also insured will be controlling shareholders in the Company and their relatives (should there be any of these) who will serve from time to time as Officers of the Company and/or in subsidiaries of the Company and/or in any company in which the Company holds securities directly and/or indirectly, including Officers that a controlling shareholder in the Company will have a personal interest in insuring their liability, and a party that serves from time to time (including, who will be appointed in the future) or who served as the Company’s CEO. In this framework, the Company will be permitted, among other things, to take out a “run off” type insurance policy or an insurance policy in connection with a relevant event or activities. The scope of the insurance coverage will be determined from time to time, in light of this risk involved in the activities of the directors and the other Officers in the Company and/or in its subsidiaries, while taking into account the areas of activities of the Company and of its subsidiaries and the scope thereof, and the status of the Company as a stock exchange, and the status of the subsidiaries as clearing houses.

15.2 Without detracting from that stated in Section 14.1 above, pursuant to Regulation 1B1 of the Leniency Regulations, the Company will be permitted to take out liability insurance policies for the directors and the other Officers, as stated above (hereinafter – “the Insurance Policies”), during the period of the compensation policy⁴, as part of the conditions detailed below:

15.2.1 The undertaking in the Insurance Policy, as stated above, may be by means of extension of the policy or renewal thereof or acquisition of another policy.

15.2.2 The liability limit of the insurer under the Insurance Policy may not exceed the amount of seventy-five (75) million dollars – for one claim or cumulatively for the insurance period.

15.2.3 In addition to that stated above there may be included in the Insurance Policy insurance coverage for reasonable legal expenses beyond the liability limit of the insurer, as it will be from time to time.

15.2.4 In a case of a claim against any of the Officers, the Company will bear the amount of the self-participation (deductible), as will be included in the Insurance Policy.

⁴ Including an undertaking during the period of the Compensation Policy in an insurance policy that relates to after the end of the period of the Compensation Policy.

15.2.5 In any case where the Insurance Policy will include coverage for the Company itself in respect of civil claims in accordance with securities laws (“entity coverage”), the Officers will have a priority right to receipt of the insurance proceeds vis-à-vis the Company.

15.2.6 The undertaking of the Company in an Insurance Policy, as stated above, will be subject to approval of the Company’s Compensation Committee and Board of Directors, and will not require approval of the General Meeting. As part of approval of the undertaking, as stated above, the Compensation Committee and Board of Directors are to approve that the undertaking is on market terms and it is not expected to significantly impact the Company’s profits, assets or liabilities.

16. Exemption and Indemnification

In this Section 16 hereinafter, “**an Officer**” – within the meaning thereof in the Companies Law, including a party serving on a committee of the Board of Directors who is not a member of the Board of Directors.

16.1 Subject to the provisions of law, the Company is permitted to exempt an Officer from his responsibility, in whole or in part, as a result of damage due to a breach of a duty of caution vis-à-vis the Company, in accordance with the provisions set forth in the Company’s Articles of Association regarding this matter.

16.2 Subject to the provisions of law, the Company is permitted to provide an advance commitment for indemnity to an Officer of the Company and/or a subsidiary of the Company and/or another company in which the Company holds shares or other means of control, at whatever rate, directly or indirectly (hereinafter – “**Investee Company**”) – all of this in accordance with the provisions set forth in the Company’s Articles of Association regarding this matter.

16.3 Without detracting from that stated above, the Company is permitted to indemnify an Officer of the Company and/or and Investee Company, after the fact, in the broadest manner that is permissible in accordance with law.

17. Payment of a Fee to Company Directors (except for the Chairman of the Board of Directors), including to a Party serving on a Committee of the Board of Directors who is not a Member of the Board of Directors

17.1 The Company is permitted to pay Company directors (except for the Chairman of the Board of Directors), including independent directors, as they are defined in Section 50B1 of the Securities Law (hereinafter – “**Independent Directors**”), an annual fee and a participation fee, up to an amount equal to the maximum amount as denominated in the Companies Regulations (Rules regarding a Fee and Expenses to an External Director), 2000 (hereinafter – “**the Fees Regulations**”). To remove any doubt, within this framework the Company is entitled to pay a director that qualifies as an expert external director, and even if the director is not an external director, an annual fee and a participation fee, up to an amount equal to the maximum amount stipulated in the Fee Regulations in relation to an expert external director, all based on the ranking of the Company, in accordance with the Fee Regulations. Additionally, the Company may decide to grant a fee in securities to directors in the Company, subject to and in conformity with the stated in Section 8B of the Fee Regulations.

17.2 It is hereby clarified that all of the Company’s directors are entitled to exemption, indemnity and liability insurance, as is customary in the Company from time to time.

- 17.3 The provisions of Section 17.1 above shall apply, with the necessary changes, also in relation to members of a Board of Directors' committee who are not directors in the Company.
- 17.4 Notwithstanding that stated in Section 17.1 above, the Company will not pay to a director, who is not an independent director and is not an external director (within the definition thereof in the Companies Law, 1999), who does not reside in the State of Israel, an annual fee and a participation fee, as stated in Section 17.1 above, and included in that stated above, it will not pay a director, as stated, a fee in respect of participation in meetings of the Board of Directors or its committees by means of communications media or in respect of participation in making decisions without convening.
- 17.5 The Company is permitted to repay to a director, as stated in Section 17.4 above, who does not reside in the State of Israel, the expenses directly involved in his participation in meetings of the Company's Board of Directors or its committees (that are not meetings by means of communications media and are decisions without convening), that it, flight expenses, taxi transportation expenses, nutrition and lodging in a hotel, against submission of an invoice to the Company, provided the total amount of the expenses does not exceed U.S.\$75,000 (seventy-five thousand U.S. dollars) per year.



Eugene Kandel

**Emil Speyer Professor of Economics and Finance, Hebrew University
Co-Chairman, Start-up Nation Policy Institute (NGO)**

Prof. Eugene Kandel holds a BA and an MA in Economics from the Hebrew University in Jerusalem, and an MBA and a Ph.D. in Economics from the Graduate School of Business at the University of Chicago. Since 1997 he is a Professor of Economics and Finance at the Hebrew University and previously taught at the University of Rochester and the University of Chicago. He is a Research Fellow of the Center for Economic Policy and Research in London, and a Fellow of the European Corporate Governance Institute. Prof. Kandel's expertise is in financial markets and institutions, innovation, economic policy, and he served in editorial positions in several leading academic journals.

Prof. Kandel serves as the Co-Chairman of the Start-up Nation Policy Institute, a non-profit dedicated to long-term strategy and coherent policies supporting tech innovation ecosystem and its impact on the society. Between 2015 and 2021 Kandel was the CEO of the Start-up Nation Central, a non-profit organization that promotes Israeli technological innovation as a source of possible solutions to some of the most pressing problems around the world.

In 2009-15 Prof. Kandel served as the Head of the National Economic Council and the Economic Advisor to the Prime Minister of Israel and was actively involved in shaping the economic strategy and policy of Israel including macro and fiscal policy, competition, taxation, technology, climate, health, education, and led the establishment of the sovereign wealth fund and numerous other initiatives and committees.

Prof. Kandel co-authored a series of theoretical and empirical papers in Market Microstructure dealing with various models of stock exchanges around the world. His work was instrumental in shaping the reform of Nasdaq in 1997, and the shift of the entire US stock market to a decimal system, which led to a significant disruption of stock trading in the US.

Prof. Kandel advises government agencies, companies, financial institutions, and non-profit organizations. He serves on Boards of Directors and Advisory Boards of several tech and financial companies. He co-developed a rating system for Mutual and Provident Funds in Israel, served on the Israeli Antitrust Court, and was a chairman of the investment committees of pension and provident funds.

Eugene Kandel

Department of Economics and Business School, Hebrew University
Mount Scopus, Jerusalem, 91905, Israel
+972-2-588-3137; eukand@gmail.com

EDUCATION

1990 **Ph.D.** Business Economics and Industrial Organization, University of Chicago.
1988 **MA** (with honors) Economics, Hebrew University.
1987 **MBA**, University of Chicago.
1981 **BA** (cum laude) Economics, Hebrew University.

ACADEMIC POSITIONS

2008 - Emil Speyer Professor of Economics and Finance, Department of Economics and
Business School, Hebrew University.
2008 Visiting Scholar, HEC, France
2008 Visiting Professor, New Economic School, Moscow.
2006 - 09 Director, Center for Financial Markets and Institutions, Hebrew University.
2006 Visiting Professor, New Economic School, Moscow.
2005 Visiting Professor, Olin School, Washington University.
2004 - 05 Chairman of the Economics Department, Hebrew University
2004 - 08 Emil Speyer Associate Professor of Economics, Hebrew University.
2002 - Member of the Center for the Study of Rationality, Hebrew University.
2001 - 08 Associate Professor, School of Business and Department of Economics, Hebrew
University.
2001 - 12 Founder and Director of the Graduate Program in Financial Economics and Finance,
Hebrew University
2001 Visiting Professor, University of Amsterdam and Tinbergen Institute.
2000 - 01 Visiting Professor, Recanati School of Management, Tel Aviv University.
1997 - 01 Senior Lecturer, School of Business and Department of Economics, Hebrew University.
1993 - 94 Lady Davis Visiting Fellow, Department of Economics, Hebrew University.
1989 - 97 Assistant Professor, Graduate School of Business, University of Rochester.
1988 - 89 Lecturer, Graduate School of Business, University of Chicago.

EDITORIAL POSITIONS

2007 - 10 Editor, Journal of Financial Markets.
2007 - 10 Co-organizer, NBER semi-annual meetings on Market Microstructure.
2007 - Associate Editor, Applied Economics Research Bulletin
2006 - 07 Co-Editor, Finance, Economic Quarterly (in Hebrew).
2005 - 10 Associate Editor, Journal of Financial Research.
2003 - 07 Associate Editor, Journal of Financial Markets.
2002 - 05 Associate Editor, The Review of Financial Studies.

OTHER POSITIONS

2023 -	Chair, Committee on the Improvement of Regulation of Mekorot, Water Authority.
2022 - 23	Chair, Central Bureau of Statistics Committee on the Improvement of the Quality of Data on the Technology Sector,
2021 - 23	Co-chair, Steering Group advising the Israeli government on the establishment of a Development Finance Institution.
2021 - 23	Member of the Advisory Board, Benin Fellowship Program. Promotes STEM education for students from underprivileged backgrounds.
2021 -	Co-chair of the Board, Start Up Nation Policy Institute. NGO focused on promoting supporting policies to strengthen tech innovation in Israel.
2019 – 20	Co-chair of the Ministry of Diaspora Committee, advising the Israeli Government on Ways to Safeguard the Future of the Jewish People Around the World
2016 -	Chair (co-chair since 2019) of the Eli Hurwitz Conference, The Democracy Institute.
2016 - 20	Chair of the Advisory Committee to the Prime Minister and the National Economic Council.
2015 - 21	CEO of Start Up Nation Central, NGO focused on strengthening and promoting Israeli technological innovation to address challenges around the world.
2009 - 15	Head of the National Economic Council, and the Economic Advisor to the Prime Minister of Israel. Served as a Chairman of dozens of government committees and participated in many others promoted a multitude of policies and reforms in a variety of fields (including Government Strategy, Sovereign Wealth Fund, Concentration, Trajtenberg, Urban Renewal, Renewable Energy, Quality of Life, Sheshinsky, Zemah, Mitve Gas etc.)
2009 - 10	Chair, Committee on the Determination of Asset Allocation for Pension Funds, Ministry of Finance.
2007 - 08	Member of the Governmental Committee on the Capital Market Reform (Chair: Y. Ariav, Director General of the Ministry of Finance)
2007- 09	Co-Founder and Director, Israeli Institute for Corporate Governance (non-profit).
2006 - 07	Member, Governmental Committee on Corporate Governance (Chair: Prof. A. Hamdani)
2006 - 09	Member of Committee – EFA, Utah Winter and WFA conferences.
2006 -	Research Associate, European Corporate Governance Institute (ECGI).
2006 - 08	Director, Forum Sapir for Economic Research.
2006 -	Member of Advisory Board, MA in Finance, New Economic School, Moscow.
2004 - 06	Member of the Board, Falk Institute of Economic Research.
2004 -	Research Fellow, CEPR
2002 - 09	Member of the Scientific Committee, Forum Sapir for Economic Research.
1999 - 05	Member of the Israeli Antitrust Court.

ACADEMIC RESEARCH INTERESTS

Financial Intermediation, Market Microstructure, Information in Financial Markets, Executive Compensation, Corporate Governance, Innovation Finance.

REFEREED PUBLICATIONS

1. *Technological Progress and the Future of the Corporation*, (with A. Hamdani, N. Hashai, and Y. Yafeh), *Journal of British Academy*, 2018.
2. *The Great Pyramids of America: A Revised History of US Business Groups, Corporate Ownership and Regulation, 1926-1950* (with K. Kosenko, R. Morck, and Y. Yaffe), *Strategic Management Journal*, 2018.
3. *Incentive Fees and Competition in Pension Funds: Evidence from a Regulatory Experiment* (with A. Hamdani, Y. Mugerman and Y. Yaffe), *Journal of Law, Finance, and Accounting*, 2017.
4. *Mutual Fund Performance Evaluation with Active Peer Benchmarks* (with D. Hunter, S. Kandel, and R. Wermers), **lead article**, *Journal of Financial Economics*, 2014.
5. *Liquidity Cycle and Make/Take Fees in Electronic Markets* (with T. Foucault and O. Kadan). **2009 Analysis Group Award for the best paper on Financial Institution and Markets at the Western Finance Association Meetings**; *The Journal of Finance*, 2013
6. *Shareholder Similarity and Firm Value* (with M. Massa, and A. Simonov), *The Journal of Financial Economics*, 2011.
7. *Closing Auction* (with L. Bosetti, and B. Rindi), *The Journal of Financial Intermediation*, 2011.
8. *Theory of Dividend Smoothing* (with I. Guttman, and O. Kadan), *The Review of Financial Studies*, 2011.
9. *Aging Brings Myopia: VC Fund's Limited Horizon as a Source of Inefficiency* (joint with D. Leschinskii and H. Yuklea), *the Journal of Financial and Quantitative Analyses*, 2011.
10. *Stock-Based Compensation and CEO (Dis)Incentives* (with E. Benmelech, and P. Veronesi), *The Quarterly Journal of Economics*, 2010.
11. *In Search of Reasonable Executive Compensation*, *CESifo Economic Studies*, 2009.
12. *Brokerage Commissions and Institutional Trades* (with M. Goldstein, P. Irvine and Z. Wiener), *The Review of Financial Studies*, 2009.
13. *Portfolio Diversification and the Decision to Go Public* (with A. Bondaryuk, M. Massa, and A. Simonov), *The Review of Financial Studies*, 21(4), November 2008, pp. 2779-2824
14. *A Rational Expectation Theory of Kinks in Financial Reporting* (with I. Guttman, and O. Kadan), *The Accounting Review*, 81(4), July 2006, pp. 811-848.
15. *Limit Order Book as a Market for Liquidity* (with T. Foucault and O. Kadan), *The Review of Financial Studies*, 18(4), November 2005, pp. 1171-1217.
16. *Option Value, Uncertainty and the Investment Decision* (with N. Pearson), *Journal of Financial and Quantitative Analyses*, 37(2), March 2002, pp. 341-374.
17. *Between Search and Walras*, (with A. Simhon), *The Journal of Labor Economics*, 20(1), January 2002, pp. 59-86.

18. *Flexibility vs. Commitment in Personnel Management* (with N. Pearson), *The Journal of Japanese and International Economics*, 15(4), December 2001, pp. 515-556.
19. *Differential Interpretation of Information in Inflation Forecasts* (with B. Zilberfarb), *The Review of Economics and Statistics*, 81(2), May 1999, pp. 217-226.
20. *Payment for Order Flow on Nasdaq* (with L. Marx), *Journal of Finance*, 54(1), February 1999, pp. 35-66.
21. *Effect of Market Reform on the Trading Cost and Depths of Nasdaq Stocks* (with M. Barclay, W. Christie, J. Harris, P. Schultz), *Journal of Finance*, 54(1), February 1999, **lead article**, pp. 1-34.
22. *Odd Eighths Avoidance as a Defense Against SOES Bandits* (with L. Marx), *Journal of Financial Economics*, 51(1), January 1999, pp. 85-102.
23. *The Effect of Transaction Costs on Stock Prices and Trading Volume*, (with M. Barclay and L. Marx), **lead article**, *Journal of Financial Intermediation*, 7(1), April 1998, pp. 130-150.
24. *Nasdaq Market Structure and Spread Patterns* (with L. Marx), *Journal of Financial Economics*, 45, July 1997, pp. 61-89.
25. *The Right to Return*, *Journal of Law and Economics*, 39(1), April 1996, pp. 329-355.
26. *Differential Interpretation of Information and Trade in Speculative markets* (with N. Pearson), *Journal of Political Economy*, 103(4), August 1995, pp. 831-872.
27. *Peer Pressure and Partnerships* (with E. Lazear), *Journal of Political Economy*, 100(4), August 1992, pp. 801-817.
 Reprinted in the *Personnel Economics* volume of *The International Library of Critical Writings in Economics*, ed. Mark Blaug, Edward Edgar Publishing, 2003;
 Reprinted in *The Economics of Modern Business Enterprise*, volume (ed. Martin Ricketts), of *The International Library of Critical Writings in Economics*, series editor Mark Blaug, 2007.

OTHER PUBLICATIONS

Tick size, market structure and trading costs (with W. Christie and J. Harris), *Stock Market Liquidity*, ed. G.N. Gregoriou and F.S. Lhabitant, John Wiley, Fall 2007.

Contract Enforcement Institutions: Historical Perspective and Current Status in Russia (with A. Greif), in *Economic Transition in Eastern Europe and Russia*, ed. E. Lazear, Hoover Institution Press, 1995, pp. 291-321.

MISC:

Chaired 10 Ph.D. committees; presented in hundreds of seminars and conferences; served as a referee for most top journals and granting agencies in Economics and Finance.

האוניברסיטה העברית בירושלי

הפקולטה למדעי החברה

הדיקן ומועצת הפקולטה למדעי החברה

את הת

יבגני קנדל

קנים למר(ת)

בוגר במדעי החברה

לאחר שסיים(ה) את מסכת לימודיו(ה) ועמד(ה) בבחינות
בהצטיינות

בחוג כלכלה

ובחטיבות לימודים משלימות

ולראיה באתי על החתום

ירושלים בי בחודש תמוז תשנ"ב



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EUGENE KANDEL

THE DEGREE OF

Master of Business Administration

THE GRADUATE SCHOOL OF BUSINESS
ECONOMICS

AND HAVE GRANTED THIS DIPLOMA AS EVIDENCE THEREOF
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IN THE UNITED STATES OF AMERICA IN THE YEAR
ONE THOUSAND NINE HUNDRED AND EIGHTY-SEVEN
ON THE TWELFTH DAY OF JUNE

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