



Unitronics (1989) (R”G) Ltd.
(“The Company”)

April 11, 2022

The Securities Authority

The Tel Aviv Stock Exchange

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Subject: Immediate Report with Regard to the Convening of Annual and Extraordinary General Meeting

An Immediate Report is hereby issued on the convening of an Extraordinary General Meeting of Company shareholders, on the agenda of which are the items set forth below in accordance with the Companies Law, 5759-1999 (hereinafter: the “**Companies Law**”), the Companies Regulations (Notice of General Meetings and Class Meetings in Publicly Owned Companies), 5760-2000, the Companies Regulations (Proof of Ownership of Shares for Voting at a General Meeting), 5760-2000 and the Securities Regulations (Periodic and Immediate Reports), 5730-1970 (hereinafter: “**Periodic and Immediate Reports Regulations**”) and the Securities Regulations (Transaction between a Company and a Controlling Shareholder therein), 5761-2001.

1. Date, location and agenda

A notice is hereby given of the convening of an annual and extraordinary general meeting of the Company's shareholders (hereinafter; the “**Meeting**”) which will be held on Tuesday, May 17, 2022, at Unitronics Building, Arava Street, Airport City, Lod, Israel.

2. The items on the agenda of the Meeting and a summary of the proposed resolutions

- 2.1 Presentation of the audited financial statements of the Company, the Board of Directors Report of the Company on the State of Affairs of the Corporation, including the remuneration of the Auditors of the Company for auditing activities and remuneration thereof for additional activities, as well as the Periodic Annual Report (in the Barnea Committee format) for the year ended December 31, 2021.**

Summary of the proposed resolution: To approve that the audited financial statements of the Company, the Board of Directors Report of the Company on the State of Affairs of the Corporation, including the remuneration of the Auditors of the Company and the remuneration thereof for additional activities, and the Periodic Annual Report (in the Barnea Committee format) for the year ended December 31, 2021 were presented to the general meeting of the shareholders of the Company.

- 2.2 Reappointment of the office of BDO Ziv Haft as the Auditors of the Company until the next annual general meeting of the shareholders of the Company and the authorization of the Board of Directors to determine the remuneration thereof.**

Summary of the proposed resolution: To approve the appointment of the office of BDO Ziv Haft as the Auditors of the Company until the next annual general meeting of the shareholders of the Company and to authorize the Board of Directors to determine the remuneration thereof.

2.3 The reappointment of Mr. Zvi Livneh for an additional term as a Director of the Company.

2.3.1 The reappointment of Mr. Zvi Livneh for an additional term as a Director of the Company, until the date of the next annual general meeting of the shareholders of the Company, in accordance with the Company's Articles of Association (for details of Mr. Zvi Livneh, see section 4.13 in chapter D (Additional information regarding the corporation) the periodic and annual report of the Company for the year 2021 as published on March 29, 2022, Ref. No. 2022-01-031416 (hereinafter: the "**2021 Report**"). The statement of Mr. Livneh that the conditions required for serving as a Director of the Company are fulfilled in accordance with the provisions of Article 224B of the Companies Law and Regulation 36B (a) (10) of the Periodic and Immediate Reports Regulations, are attached to this Report as **Appendix A**.

2.3.2 Both in 2021, and 2022 and until the publication date of this report, the rate of participation of Mr. Livneh in the meetings of the Board of Directors and in the committees of which he is a member was 100%.

2.3.3 Subject to the reappointment thereof, Mr. Livneh will continue to be entitled to participation remuneration and annual remuneration, as well as insurance, indemnity and exemption arrangements in accordance with the Company Remuneration Policy, in accordance with which external Directors and Directors who do not serve as officers are entitled to annual remuneration and participation remuneration at the "fixed rate" as stated in the Second and Third Schedule of the Companies Regulations (Rules Regarding Compensation and Expense Reimbursement for External Directors), 5760 - 2000) and in accordance with the relevant capital rating of the Company. For details of the insurance, indemnity and exemption arrangements, see sections 4.7.7 and 4.17.1 in Chapter D of the 2021 Report (jointly, hereinafter: the "**Customary Remuneration in the Company**").

Summary of the proposed resolution: To reappoint Mr. Zvi Livneh as a Director of the Company for an additional term of office until the date of the next annual general meeting of the shareholders of the Company, in accordance with the Company's Articles of Association.

2.4 The reappointment of Mr. Gillon Beck for an additional term as a Director of the Company.

2.4.1 The reappointment of Mr. Gillon Beck for an additional term as a Director of the Company, until the date of the next annual general meeting of the shareholders of the Company, in accordance with the Company's Articles of Association (for details of Mr. Gillon Beck, see section 4.13 of Chapter D of the 2021 Report). The statement of Mr. Beck that the conditions required for serving as a Director of the Company are fulfilled in accordance with the provisions of Article 224B of the

Companies Law and Regulation 36B(a)(10) of the Periodic and Immediate Reports Regulations, are attached to this Report as **Appendix B**.

2.4.2 In 2021, the rate of participation of Mr. Beck in the meetings of the Board of Directors was 86%, and in 2022, and until the publishing date of this Report, the rate of participation of Mr. Beck in the meetings of the Board of Directors was 100%.

2.4.3 Subject to the reappointment thereof, Mr. Beck will continue to be entitled to the Customary Remuneration in the Company, as stated in section 2.3.3.

Summary of the proposed resolution: To reappoint Mr. Gillon Beck as a Director of the Company for an additional term of office until the date of the next annual general meeting of the shareholders of the Company, in accordance with the Company's Articles of Association.

2.5 **Reappointment of Mr. Yariv Avisar for an additional term as a Director of the Company.**

2.5.1 The reappointment of Mr. Yariv Avisar for an additional term as a Director of the Company, until the date of the next annual general meeting of the shareholders of the Company, in accordance with the Company's Articles of Association (for details of Mr. Yariv Avisar, see section 4.13 of Chapter D of the 2021 Report). The statement of Mr. Avisar that the conditions required for serving as a Director of the Company are fulfilled in accordance with the provisions of Article 224B of the Companies Law and Regulation 36B (a) (10) of the Periodic and Immediate Reports Regulations, are attached to this Report as **Appendix C**.

2.5.2 In 2021 the rate of participation of Mr. Avisar in the meetings of the Board of Directors was 86% and in 2022 and until the publication date of this Report the rate of participation of Mr. Avisar in the meetings of the Board of Directors was 100%.

2.5.3 Subject to the reappointment thereof, Mr. Avisar will continue to be entitled to the Customary Remuneration in the Company, as stated in section 2.3.3 above.

Summary of the proposed resolution: To reappoint Mr. Yariv Avisar as a Director of the Company for an additional term of office until the date of the next annual general meeting of the shareholders of the Company, in accordance with the Company's Articles of Association.

2.6 **Reappointment of Mr. Amit Ben Zvi for an additional term as a Director of the Company.**

2.6.1 The reappointment of Mr. Amit Ben Zvi, incumbent Co-Chairman of the Board of Directors, for an additional term as a Director of the Company, until the date of the next annual general meeting of the shareholders of the Company, in accordance with the Company's Articles of Association (for details of Mr. Amit Ben Zvi, see section 4.13 of Chapter D of the 2021 Report). The statement of Mr. Ben Zvi that the conditions required for serving as a Director of the Company are fulfilled in

accordance with the provisions of Article 224B of the Companies Law and Regulation 36B(a)(10) of the Periodic and Immediate Reports Regulations, are attached to this Report as **Appendix D**.

- 2.6.2 Both during 2021 and 2022, and until the publication date of this Report, the rate of participation of Mr. Ben Zvi in the meetings of the Board of Directors was 100%.
- 2.6.3 For details regarding the terms of service and employment of Mr. Ben Zvi that are in effect as of the date of this Immediate Report, see section 4.7.5 of Chapter D of the 2021 Report.
- 2.6.4 For details regarding the reapproval of the terms of the service in the indemnity and exemption arrangements that will apply to Mr. Ben Zvi see section 2.11 of this invitation report respectively.

Summary of the proposed resolution: To reappoint Mr. Amit Ben Zvi as a Director of the Company for an additional term of office until the date of the next annual general meeting of the shareholders of the Company, in accordance with the Company's Articles of Association.

2.7 Reappointment of Mr. Haim Shani for an additional term as a Director of the Company.

- 2.7.1 The reappointment of Mr. Haim Shani, the Director of the Company and the controlling shareholder thereof jointly with the Fimi Fund, for an additional term as a Director of the Company, until the date of the next annual general meeting of the shareholders of the Company, in accordance with the Company's Articles of Association (for details of Mr. Haim Shani, see section 4.13 of Chapter D of the 2021 Report). The statement of Mr. Shani that the conditions required for serving as a Director of the Company are fulfilled in accordance with the provisions of Article 224B of the Companies Law and Regulation 36B(a)(10) of the Periodic and Immediate Reports Regulations, are attached to this Report as **Appendix E**.
- 2.7.2 Both in 2021 and 2022, and until the publication date of this Report, the rate of participation of Mr. Shani in the meetings of the Board of Directors was 100%.
- 2.7.3 For details of the terms of service and employment of Mr. Shani that are in effect as of the date of this Immediate Report, see in section 4.7.3 in chapter D of the 2021 Report.
- 2.7.4 For details regarding the reapproval of Mr. Shani's employment contract see in section 2.10 of this invitation report.

Summary of the proposed resolution: To reappoint Mr. Haim Shani as a Director of the Company for an additional term of office until the date of the next annual general meeting of the shareholders of the Company, in accordance with the Company's Articles of Association.

2.8 Reappointment of Ms. Bareket Shani for an additional term as a Director of the Company.

- 2.8.1 The reappointment of Ms. Bareket Shani for an additional term as a Director of the Company, until the date of the next annual general meeting of the shareholders of the Company, in accordance with the Company's Articles of Association (for details of Ms. Bareket Shani, see section 4.13 of Chapter D of the 2021 Report). The statement of Ms. Shani that the conditions required for serving as a Director of the Company are fulfilled in accordance with the provisions of Article 224B of the Companies Law and Regulation 36B(a)(10) of the Periodic and Immediate Reports Regulations, are attached to this Report as **Appendix F**.
- 2.8.2 Both in 2021 and 2022, and until the publication date of this Report, the rate of participation of Ms. Shani in the meetings of the Board of Directors was 100%.
- 2.8.3 For details regarding the terms of service and employment of Ms. Shani, that are in effect as of the date of the Immediate Report see in section 4.7.3 of chapter D of the 2021 Report.

Summary of the proposed resolution: To reappoint Ms. Bareket Shani as a Director of the Company for an additional term of office until the date of the next annual general meeting of the shareholders of the Company, in accordance with the Company's Articles of Association.

2.9 Reappointment of Ms. Rivka Granot for an additional term of three years as an External Director of the Company.

- 2.9.1 Appointment of Ms. Rivka Granot as an external director in the Company for an additional term (third) of three years in accordance with the Companies Law (for details regarding Ms. Granot see in section 4.13 in chapter D of the 2021 Report). The statement of Ms. Granot, that the conditions required for the tenure thereof as an External Director in the Company have been fulfilled in accordance with the provisions of Articles 224B and 241(a) of the Companies Law, is attached to this Report as **Appendix G**.
- 2.9.2 It should be noted that the candidacy of Ms. Granot for an additional term of three years, which will start on July 16, 2021, May 16, 2022 following the end of the second term thereof of three years, was proposed by the Board of Directors of the Company in accordance with Article 245(a1)(2) of the Companies Law at its meeting on March 28, 2022. At the same meeting, the Board of Directors of the Company determined that Ms. Granot has the accounting and financial expertise as such is defined in the Companies Regulations (Terms and Conditions for a Director with Accounting and Financial Expertise and a Director with Professional Competence) 5766-2005.
- 2.9.3 Both in 2021 and 2022 and up to the publication date of this Report, the rate of participation of Ms. Granot in the meetings of the Board of Directors and the committees of which she is a member was 100%.
- 2.9.4 Subject to her reappointment, Ms. Granot will continue to be entitled to participation and annual compensation, as well as insurance, indemnity and exemption arrangements, in accordance with the Remuneration Policy of the Company, as stated in section 2.3.3 above.

Summary of the proposed resolution: To reappoint Ms. Rivka Granot as an External Director of the Company for an additional three-year term starting on May 16, 2022.

2.10 Reapproval of the employment contract of Mr. Haim Shani, the incumbent Chairman of the Board and one of the controlling shareholders in the Company, for an additional term of three years.

2.10.1 Description of the transaction and its major terms.

2.10.1.1 The Company is bound by an individual employment agreement with Mr. Haim Shani (the controlling shareholder and incumbent Chairman of the Board) (hereinafter: the “**Employment Agreement**”) that was recently extended in 2019, and that was approved on March 21, 2019 and March 27 2019 by the Balance, Compensation and Audit Committee and the Board of Directors respectively, and later on, on May 16, 2019 by the general meeting of the shareholders of the Company (for further information see Immediate Report regarding the results of the meeting dated May 16, 2019 Ref. No. 2019-01- 041868, hereby incorporated by way of reference).

Mr. Shani acts as the incumbent Chairman of the Board according to the Employment Agreement, as of April 1, 2019.

2.10.1.2 According to the Employment Agreement, Mr. Shani’s salary totals an amount of ILS 60,000 and will be linked to the consumer price index, in such manner that as of January 2012 and each year, an amount equal to the percentage of the change in the index of the previous year is added to his salary from this date onwards.

2.10.1.3 The Company reserves the right from time to time and at its sole discretion to split the payment of the salary to Mr. Shani between the Company and any of its subsidiaries.

2.10.1.4 In addition to the salary as stated above, Mr. Shani is entitled to the following: (a) customary social-benefit payments such as senior employees' insurance (deposit of 14.83% by the Company, Mr. Shani is entitled to decide about the rate that will be deposited from his salary); (c) a study fund (deposit of 7.5% of the salary by the Company, Mr. Shani is entitled to decide about the rate that will be deposited from his salary); (d) loss of working capacity (deposit at a rate of 2.5% of the salary by the Company, Mr. Shani is entitled to decide about the rate that will be deposited from his salary); (e) the use of the Company car (without setting a specific car category) and reimbursement of expenses; (f) sick leave of 30 days, accumulated without limitation; (g) recuperation pay by law; (f) annual leave of 30 days that can be accumulated only over a period of two years.

2.10.1.5 In addition, Mr. Haim Shani is entitled to an annual bonus starting from 2005 and as long as he is employed as a senior officer in the Company, in 30 days as of the date of approval of the financial statements by the Board of Directors of the Company for each calendric year as said, at a rate of 7.5% of the earnings before tax for that year (cost for the Company), however in any event in an amount that will not exceed ILS 1,140 thousand linked to the consumer price index known on the date of deciding the bonus (the base index: the index known on May 9, 2016). The bonus will be calculated for each year separately (and not cumulatively).

2.10.1.6 The termination of Mr. Shani's Employment Agreement requires the approval of the Board of Directors by an ordinary majority and a 6 months' advance notice as a minimum. Mr. Shani is entitled to terminate the Agreement for any reason subject to delivery of a 3 months' advance notice.

2.10.1.7 Save as stated above, and with the exception of the insurance, indemnity and exemption under terms that are no different than the insurance and indemnity terms of all other directors who serve in the Board of Directors of the Company, Mr. Shani shall not be entitled to any other consideration from the Company in connection with the Employment Agreement.

For details regarding insurance, indemnity and exemption arrangements in the Company see sections 4.7.7 and 4.17.1 in chapter D of the 2021 report.

2.10.1.8 Pursuant to section 275(a1) of the Companies Law, the Company presents for the repeated approval, once every three years, the employment of the controlling shareholders in the Company and their relatives, and accordingly decided, with respect to the reasons of the Balance, Compensation and Audit Committee and the Board of Directors, on March 24, 2022 and March 28, 2022 respectively to reapprove, subject to the approval of the general meeting of the shareholders of the Company convened in accordance with this Report, the Employment Agreement in accordance with the said section, in such manner that it will continue to apply under the same terms for three additional years that will be in effect as of the expiration date of the present period of approval of Mr. Shani's employment.

2.10.1.9 It is emphasized that there is no change in the terms of the Employment Agreement that were described in this section 2.10.1 between Mr. Shani and the Company, including changes within the framework of his position, the scope of his position, the services that Mr. Shani provides to the Company and his proposed compensation terms.

2.10.1.10 For a table summarizing the terms of compensation paid to Mr. Shani pursuant to the Sixth Supplement of the Periodic and Immediate Reports Regulations see in **Appendix H** of this report.

2.10.2 The qualifications and competence that make Mr. Shani eligible to serve in his office

2.10.2.1 As one of the founders of the Company, Mr. Shani has gained extensive knowledge and information for many years with the technologies and the products that are developed, manufactured and distributed by the Company, as of the date of its establishment and until the present day. In addition, Mr. Shani has extensive and thorough knowledge of many years with the markets, customers and the different service providers of the Company.

2.10.2.2 Mr. Shani has gained reputation in the sphere of activity of the Company and the fact that the Company gained such reputation is tightly related to the fact that Mr. Shani is one of its owners.

2.10.3 Names of the controlling shareholders in the Company that have personal interest in the reapproval of the Employment Agreement and the essence of the personal interest

2.10.3.1 Mr. Shani, the controlling shareholder in the Company, has personal interest in the reapproval of his Employment Agreement.

Mr. Shani holds 3,014,551 ordinary shares of the Company ILS 0.02 par value each, constituting 21.85% of the issued and paid-up share capital of the Company (approximately 21.44% on fully-diluted basis) and acts as the incumbent Chairman of the Board and as an officer in subsidiaries.

2.10.3.2 Ms. Bareket Shani, Mr. Shani's wife, acts as a director in the Company and in subsidiaries.

2.10.3.3 Mr. Shani and Ms. Shani have personal interest in the approval of this resolution 2.10 on the agenda, in light of the fact it concerns the term of office and terms of employment of Mr. Shani in the Company (Ms. Shani's husband as said). Therefore, Mr. Shani and Ms. Shani did not attend the meeting and the votes that were held in the Balance, Compensation and Audit Committee and in the Board of Directors regarding the reapproval of Mr. Shani's Employment Agreement.

2.10.3.4 FIMI Fund (the controlling shareholder in the Company together with Mr. Shani) holds 6,875,000 ordinary shares of the Company, ILS 0.02 par value each, constituting 49.83% of the issued and paid-up share capital of the Company (approximately 48.90% on fully-diluted basis). The FIMI Fund has personal interest in the reapproval of the Employment Agreement by virtue of the fact that it is a party to a shareholders' agreement with Mr. Shani (hereinafter: the "**Shareholders Agreement**"), according to which the parties to the agreement undertook to cooperate between them in votes on different matters. In this regard, the parties undertook to cooperate in accordance with the Shareholders Agreement and FIMI Fund undertook to vote by virtue of the entire shares of the Company that it holds, in any meeting of the shareholders of the Company, for the approval of the Employment Agreement of Mr. Shani. Therefore, both Mr. Ben Zvi and Mr. Gillon, who are partners and officers in FIMI Fund, did not participate in the discussion and in the votes that were held in the Board of Directors regarding the reapproval of Mr. Shani's Employment Agreement. For further information see in section 3.8.3.2 of the meeting invitation report dated May 2, 2016 (Ref. No. 2016-01-057655).

2.10.4 Manner of determining the consideration

The consideration that is paid to Mr. Shani for his services is in conformity with the compensation policy of the Company and Mr. Shani's contribution to the Company, in the manner set by the Balance, Compensation and Audit Committee and the Board of Directors for the continuation of the employment of Mr. Shani in the Company and in light of the importance that the Committee and the Board of

Directors assign to the continuation of Mr. Shani's employment in the Company. According to the compensation policy of the Company, the Balance, Compensation and Audit Committee and the Board of Directors reviewed the salary levels of officers holding similar offices in companies with a similar scope of activity to that of the Company and found that the terms of employment of Mr. Shani are in conformity with his position and skills.

2.10.5 Required approvals or conditions that were set for the purpose of performing the transactions:

2.10.5.1 Engagement of the Company with respect to the matters as stated in section 2.10 above is subject to the approval of the Balance, Compensation and Audit Committee, the Board of Directors of the Company and the general meeting of the shareholders that was convened in accordance with this Report.

2.10.5.2 The approval of the Balance, Compensation and Audit Committee was granted on March 24, 2022. The approval of the Board of Directors of the Company was granted on March 28, 2022.

2.10.5.3 For further information regarding the requisite majority in the general meeting for the purpose of approving the matter as stated in section 2.10 see in section 4.3 hereunder.

2.10.6 Similar transactions between the Company and the controlling shareholder in the past two years, or transactions that are still in effect

2.10.6.1 In the two years that preceded the date of approval of the transaction by the Balance, Compensation and Audit Committee and the Board of Directors of the Company, and except for the granting of letters of exemption and indemnity and the insurance arrangements (that are defined in accordance with the provisions of the Companies Law as part of the term of office and the terms of employment) to Mr. Shani in accordance with the compensation policy of the Company, and after obtaining the approvals that are required by law for the purpose of this matter, no transactions such as the Transaction or similar transactions were signed.

2.10.6.2 It is emphasized that the letters of indemnity and exemption that were granted to Mr. Shani are identical to the letters of indemnity and exemption that were granted in the past to the Eligible Officers and to the other officers in the Company.

2.10.6.3 For further information regarding the insurance, indemnity and exemption arrangements that apply to Mr. Shani and the letters of indemnity and exemption of the officers in the Company, see in sections 4.7.7 and 4.17.1 in Chapter D in the 2021 Report.

2.10.7 Summary of the reasons of the Balance, Compensation and Audit Committee and the Board of Directors for the reapproval of the Employment Agreement:

The Balance, Compensation and Audit Committee and the Board of Directors reapproved the Employment Agreement in light of its compliance with the compensation policy of the Company for the following reasons:

- 2.10.7.1 The reapproval of the Employment Agreement is consistent with the importance of the services that Mr. Shani provides to the Company.
- 2.10.7.2 The importance in the continuation of Mr. Shani's employment by the Company stems from the following, *inter alia*: (1) as one of the founders of the Company, Mr. Shani gained extensive and thorough knowledge of many years with the Company and its requirements, and with the markets, customers and service providers of the Company; (2) Mr. Shani gained reputation in the sphere of activity of the Company and the reputation of the Company is also related to Mr. Shani and his position in the Company; (3) the importance of Mr. Shani's active involvement in the current operations of the Company.
- 2.10.7.3 The Employment Agreement was reapproved after making a comparison to the customary terms in the market and while taking into consideration Mr. Shani's personal skills and proven experience, after taking into consideration the scope of activity of the Company and the existing and projected scope of the services that Mr. Shani will provide, taking into consideration the scope of his authorities, and with the aspiration to incentivize Mr. Shani to increase the profits of the Company.
- 2.10.7.4 The consideration paid to Mr. Shani in respect of his services in accordance with the Employment Agreement was considered, *inter alia*, while taking into consideration Mr. Shani's knowledge of the business operations of the Company and the fact that the terms of the Employment Agreement reflect the terms of engagement that are in conformance to the conditions in the market and that no change occurred with relation to the terms of the Employment Agreement that are in effect as of the date of this Invitation Report, despite the increase in the scope of activity of the Company since the approval of the Employment Agreement that is in effect as of the date of this Immediate Report.
- 2.10.7.5 The ratio between the compensation conditions that are offered to Mr. Shani and the average costs of wages in the Company and the cost of the median wages of the other employees in the Company who are employed by the Company based on the payroll data in 2021 is 9.4 times and 12.1 times respectively.

The members of the Balance, Compensation and Audit Committee and the Board of Directors of the Company thought that, taking into consideration the nature of the Company, its size and its sphere of activity, the ratio between the proposed compensation conditions that are offered to Mr. Shani and the average cost of wages in the Company and the median cost of wages to the other employees of the Company who are employed by the Company are reasonable and proper and the said wage gaps do not affect the industrial relations in the Company.

- 2.10.7.6 In light of the foregoing, and taking into consideration, *inter alia*, the scope of activity of the Company and its size, the increase that occurred in the operations of the Company, and in light of the achievements of the Company, the scope of Mr. Shani's employment, the matters handled by Mr.

Shani, his authorities, experience in the spheres of activity of the Company, his connections, skills and knowledge in the operations of the Company and the possibility to develop the Company and his contribution in advancing its business, the proposed terms of the employment contract are fair and reasonable and constitute proper consideration to Mr. Shani.

2.10.7.7 Pursuant to section 275(d)(1) of the Companies Law, the Balance, Compensation and Audit Committee and the Board of Directors decided that the engagement of the Company in the Employment Agreement does not include “distribution,” within the meaning of this term in section 1 of the Companies Law, and there is no reasonable concern that it will deprive from the Company its ability to meet its existing and foreseeable obligations once they are due.

2.10.8 Names of the directors who participated in the meetings of the Board of Directors, the Balance, Compensation and Audit Committee in connection with the reapproval of the Employment Agreement, including indication of the identity of the external director

The directors who participated in the meetings of the Balance, Compensation and Audit Committee for the purpose of reapproving the Employment Agreement are Ms. Rivka Granot (external director), Mr. Doron Shinar (external director) and Mr. Zvi Livneh (director). The directors who participated in the meetings of the Board of Directors for the purpose of reapproving the Employment Agreement are Mr. Doron Shinar (external director), Mr. Zvi Livneh (director) and Mr. Yariv Avisar (director).

2.10.9 Names of the directors who have personal interest in the reapproval of the Employment Agreement

2.10.9.1 As stated in section 2.10.3 above, Mr. Shani has personal interest in the approval of his Employment Agreement and Ms. Shani has personal interest in the approval of the Employment Agreement, in light of the fact that she is Mr. Shani’s wife and the two did not attend the meetings and the votes that were held in the Balance, Compensation and Audit Committee and in the Board of Directors regarding the reapproval of the Employment Agreement.

2.10.9.2 In addition, the directors Amit Ben Zvi and Gillon Beck have personal interest in the reapproval of the Employment Agreement by virtue of their position as partners and officers in FIMI Fund, part of the controlling shareholders in the Company who are also a party to the Shareholders Agreement with Mr. Shani, as stated in section 2.10.3.4 above. Therefore, Mr. Ben Zvi and Mr. Beck did not attend the meetings and the votes that were held in the Balance, Compensation and Audit Committee and in the Board of Directors regarding the reapproval of the Employment Agreement.

Summary of the proposed resolution: to reapprove the Employment Agreement of Mr. Shani for a period of three years in effect as of the expiration of the last approval that was granted to the present Employment Agreement of Mr. Shani.

2.11 Reapproval of the terms of service of Mr. Amit Ben Zvi, the incumbent, Co-Chairman of the Board, a partner and officer in the FIMI Group, one of the controlling shareholders in the Company, for an additional term of three years

2.11.1 Description of the transaction and its key terms

2.11.1.1 As part of an investment transaction of FIMI Fund in the Company that was approved by the general meeting of the shareholders of the Company in May 2016, Mr. Amit Ben Zvi was appointed as an incumbent Chairman of the Board in return for pay. As of April 1, 2019 Mr. Ben Zvi acts as a Co-Chairman of the Board of Directors. In respect of his term of office as an incumbent Co-Chairman of the Board of Directors the Company pays to FIMI Fund for Mr. Ben Zvi's services an annual amount totaling 55% of the employer's costs of Mr. Haim Shani, the incumbent Chairman of the Board, in addition to VAT and expenses. The compensation is paid on quarterly basis, in respect of the services that were provided to the Company in the previous calendric quarter. For further information regarding the investment transaction of FIMI Fund in the Company see the meeting invitation report dated May 2, 2016 (Ref. No. 2016-01-057655).

2.11.1.2 Mr. Ben Zvi is a partner and an officer in FIMI Fund, the controlling shareholder in the Company. Accordingly, once every three years the Company, pursuant to section 275(a1) of the Companies Law, presents for reapproval the payment for the services of Mr. Ben Zvi as a transaction for receipt of services from the controlling shareholder. Consequently, the Balance, Compensation and Audit Committee and the Board of Directors decided, on March 24, 2022 and March 28, 2022 respectively, to reapprove, subject to the approval of the general meeting of the shareholders of the Company convened under in accordance with this Report, to pay the compensation in accordance with the said section, for a period of three years in effect as of the expiration period of the prior approval period granted for the present terms of service of Mr. Ben Zvi.

2.11.1.3 Save as provided above, and except for insurance, indemnity and exemption under the terms that are no different than the insurance and indemnity terms of all other directors who serve in the Board of Directors of the Company, Mr. Ben Zvi shall not be entitled to any other consideration from the Company in connection with the terms of his office.

For further information regarding insurance, indemnity and exemption arrangements in the Company see sections 4.7.7 and 4.17.1 in chapter D of the 2021 report.

2.11.1.4 It is emphasized that there is no change in the terms of the service agreement that were described in this section 2.11 between Mr. Ben Zvi and the Company, including changes in the scope of his position, the scope of his term of office, the services Mr. Ben Zvi provides to the Company and his proposed terms of compensation.

2.11.1.5 For a table summarizing the compensation paid for the services of Mr. Ben Zvi in accordance with the Sixth Supplement of the Periodic and Immediate Reports Regulations see in **Appendix H** of this Report.

2.11.2 Names of the controlling shareholders that have personal interest in the reapproval of the terms of service of Mr. Ben Zvi and essence of the personal interest

2.11.2.1 FIMI Fund, the controlling shareholder in the Company, has personal interest in the approval of the payment of the compensation for the services of Mr. Ben Zvi, being a partner and an officer in FIMI Fund.

2.11.2.2 Mr. Haim Shani, the controlling shareholder in the Company together with FIMI Fund, has personal interest in the approval of the payment of the compensation to FIMI Fund for the services of Mr. Ben Zvi in his capacity as a party to a Shareholders Agreement with FIMI Fund, as stated in section 2.10.3.4 above.

2.11.3 The manner of setting the consideration

The consideration that is paid to the FIMI Fund for the services provided by Mr. Ben Zvi is in conformity with the compensation policy of the Company and constitutes proper, fair and reasonable consideration taking into consideration his services and contribution to the Company in the manner set out by the Balance, Compensation and Audit Committee and the Board of Directors of the Company at the time of reapproval of Mr. Ben Zvi's terms of service. According to the compensation, the Balance, Compensation and Audit Committee and the Board of Directors reviewed the compensation paid to officers in similar offices in companies engaged in a similar scope of activity to that of the Company, and found that the compensation paid to the FIMI Fund for the services of Mr. Ben Zvi is in conformity with his position and skills, the matters that are under his responsibility and the time that Mr. Ben Zvi dedicates to the Company.

2.11.4 Required approvals or terms that were set for the purpose of performing the transactions

2.11.4.1 The engagement of the Company with respect to the matters as stated in section 2.11 is subject to the approval of the Balance, Compensation and Audit Committee, the Board of Directors of the Company and the general meeting of the shareholders that was convened under this report.

2.11.4.2 The approval of the Balance, Compensation and Audit Committee was granted on March 24, 2022. The approval of the Board of Directors of the Company was granted on March 28, 2022.

2.11.4.3 For further information regarding the requisite majority in the general meeting for the approval of the subject as stated in section 2.11 see in section 4.3 hereunder.

2.11.5 Similar transactions between the Company and the controlling shareholder in the last two year or transactions that are still in effect

2.11.5.1 In the two years that preceded the approval date of the transaction by the Balance, Compensation and Audit Committee and the Board of Directors of the Company, and except for the grant of exemption and indemnity letters and the insurance arrangements (that are defined in accordance with the provisions of the Companies Law as part of the term of office and the terms of employment) to Mr. Ben Zvi in accordance with the compensation policy of the Company, and after obtaining the approvals required by law, no

transactions of the type of the transaction or similar transactions were signed.

2.11.5.2 It is emphasized that the grant of the indemnity and exemption letters that were provided to Mr. Ben Zvi are identical to the letters in accordance with the provisions of the Companies Law, the Articles of Association of the Company and the compensation policy of the Company.

2.11.5.3 For further information regarding insurance, indemnity and exemption arrangements that apply to Mr. Ben Zvi, see sections 4.7.7 and 4.17.1 in chapter D of the 2021 report.

2.11.6 Summary of the reasons of the Balance, Compensation and Audit Committee and the Board of Directors for the reapproval of the term of office of Mr. Ben Zvi

2.11.6.1 The Balance, Compensation and Audit Committee and the Board of Directors approved payment of compensation to the FIMI Fund for the services of Mr. Ben Zvi in light of his eligibility to the compensation policy of the Company and in light of the fact that it constitutes proper, fair and reasonable consideration, taking into consideration the service and contribution of Mr. Ben Zvi to the Company.

2.11.6.2 The terms of service of Mr. Ben Zvi were reapproved and equalized to the terms that were customary in the market, and while taking into consideration the personal skills and the proven experience of Mr. Ben Zvi, the scope of activity of the Company and the existing and projected scope of the services that Mr. Ben Zvi will provide, taking into consideration the scope of his authorities, and out of the aspiration to incentivize Mr. Ben Zvi to increase the profits of the Company.

2.11.6.3 The consideration for the service provided by Mr. Ben Zvi was reviewed, *inter alia*, while taking into consideration Mr. Ben Zvi's knowledge of the business operations of the Company, and the fact that the terms of service of Mr. Ben Zvi reflect terms of engagement that are in compliance with the conditions in the market, and that no change with respect to the terms of the service that are in effect as of the date of delivering this invitation report occurred, despite the increase in the scope of activities of the Company since the terms of the service of Mr. Ben Zvi were recently approved.

2.11.6.4 The ratio between the proposed terms of compensation to Mr. Ben Zvi and his average salary cost in the Company and the cost of the median salary of the employees of the Company who are employed by the Company based on the payroll data for the year 2021 is by 5.2 times and approximately 6.7 times respectively.

The members of the Balance, Compensation and Audit Committee and the Board of Directors thought that taking into consideration the type of the Company, its size and its sphere of activity, the ratio between the compensation terms that are proposed to Mr. Ben Zvi and the average payroll costs in the Company and the cost of the median salary of the other employees of the Company who are employed by the Company are

reasonable and proper and the said salary differences do not affect the industrial relations in the Company.

2.11.6.5 In light of the said, the Balance, Compensation and Audit Committee and the Board of Directors decided that the terms of service of Mr. Ben Zvi are fair and reasonable and constitute proper consideration to Mr. Ben Zvi.

2.11.6.6 Pursuant to the provisions of section 275(d)(1) of the Companies Law, the Balance, Compensation and Audit Committee and the Board of Directors of the Company concluded that the engagement of the Company in the service agreement with Mr. Ben Zvi does not include “distribution,” within the meaning of this term in section 1 of the Companies Law, and there is no reasonable concern that it will prevent from the Company to perform its present and future obligations on their due date.

2.11.7 Names of the directors who participated in the meetings of the Board of Directors, the Balance, Compensation and Audit Committee and the Board of Directors in connection with the approval of the said transactions, including an indication of an external director

The directors who participated in the meetings of the Balance, Compensation and Audit Committee for the reapproval of the terms of service of Mr. Ben Zvi are Ms. Rivka Granot (external director), Mr. Doron Shinar (external director) and Mr. Zvi Livneh (director). The directors who participated in the meetings of the Board of Directors for the purpose of approving the remuneration are Mr. Doron Shinar (external director), Mr. Zvi Livneh (director) and Mr. Yariv Avisar (director).

2.11.8 Names of the directors who have personal interest in the reapproval of the terms of service of Mr. Ben Zvi

2.11.8.1 Mr. Ben Zvi has personal interest in the approval of the remuneration paid to the FIMI Fund for his services by virtue of his position as a partner and officer in FIMI Fund, and he did not participate in the meetings and the votes that were held in the Balance, Compensation and Audit Committee and the Board of Directors regarding the approval of the payment of the remuneration.

2.11.8.2 Mr. Beck has personal interest in the approval of the remuneration by virtue of his position as a partner and an officer in FIMI Fund.

2.11.8.3 In addition, Mr. Shani has personal interest in the approval of payment of the remuneration by virtue of his position as a party to a shareholders' agreement with management, as stated in section 2.10.3.4 above.

2.11.8.4 Ms. Shani has personal interest in light of the fact that she is Mr. Shani's wife.

2.11.8.5 Consequently, Mr. Ben Zvi, Mr. Beck, Mr. Shani and Ms. Shani did not participate in the meetings and in the votes that were held in the Balance, Compensation and Audit Committee and in the Board of Directors regarding the reapproval of the terms of service of Mr. Ben Zvi.

Summary of the proposed resolution: to reapprove the terms of service of Mr. Amit Ben Zvi for a period of three years, in effect as of the expiration of the approval that was recently granted to the present terms of service of Mr. Ben Zvi.

2.12 **Reapproval of the compensation policy of the Company**

2.12.1 In accordance with the provisions of the Companies Law, on May 16, 2019 the general meeting of the shareholders of the Company approved the compensation policy of the Company (see the results in the report on the meeting dated May 16, 2019, Ref. No. 2019-01- 041868, the said reference is incorporated by way of reference) (hereinafter: the “**Present Compensation Policy**”).

2.12.2 Towards the expiration date of a period of three years as of the approval date of the Present Compensation Policy, it is proposed to reapprove the compensation policy of the Company, without material changes compared to the instructions and principles of the Present Compensation Policy.

The compensation policy, attached as **Appendix I** of this Report, to the extent that such a policy is approved, will enter into force as of the date of its approval by the general meeting and will be in effect for a period of 3 years. The version of the compensation policy that is attached as **Appendix I** of this Report is marked for changes with relation to the Present Compensation Policy.

2.12.3 If the compensation policy is not reapproved by the general meeting of the shareholders of the Company, the Present Compensation Policy of the Company will continue to apply, until the expiration of a period of 3 years as of the date of its approval by the general meeting of the shareholders of the Company. Furthermore, the Board of Directors of the Company shall be entitled to reapprove the compensation policy even if the general meeting objects to its approval, to the extent that the Balance, Compensation and Audit Committee, followed by the Board of Directors, will decide, based on reasons that will be explained and after they reconsider the compensation policy, that the approval of the compensation policy, despite the objection of the general meeting, is for the benefit of the Company, pursuant to the provisions of section 267A(c) of the Companies Law.

2.12.4 Manner of implementing the compensation policy

2.12.4.1 The Balance, Compensation and Audit Committee and the Board of Directors of the Company examined the implications of the implementation of the compensation policy of the Company on the incentives to the officers in the past few years, and found that its provisions helped the Company in advancing its goals. Accordingly, the compensation policy reflects the instructions of the Present Compensation Policy, without material changes.

2.12.4.2 To date, there are no employment agreements in the Company that are in contravention of the compensation policy.

2.12.5 As part of its work for the preparation of its recommendations with respect to the reapproval of the compensation policy, the Balance, Compensation and Audit Committee held an ad-hoc meeting for the purpose of this matter, after receiving relevant background materials. Relevant data was presented to the Balance, Compensation and Audit Committee and to the Board of Directors, that included

the following, *inter alia*: data regarding the entire terms of employment of each of the officers in the Company to whom the compensation policy will apply, a comparative survey regarding the remuneration paid to the officers compared to similar companies and a survey regarding the provisions of the law that apply in connection with the compensation paid to officers.

- 2.12.6 On March 24, 2022 the Balance, Compensation and Audit Committee reapproved, unanimously, the compensation policy and delivered its recommendations to the Board of Directors. On March 28, 2022 the Board of Directors reapproved, unanimously, the compensation policy, based on the recommendations of the Balance, Compensation and Audit Committee and decided to recommend to the general meeting of the shareholders of the Company to approve it.
- 2.12.7 Within the framework of the said meetings, the Balance, Compensation and Audit Committee and the Board of Directors received valid data that was collected by the management of the Company and valid data of a survey on salary and benefits in the technology sector in Israel that was published by ZVIRAN Consulting and Surveys Ltd. (hereinafter: “ZVIRAN”) that serves as a benchmark for the purpose of determining the compensation to officers in the Company including the following, *inter alia*: (1) the ratio between the cost of the compensation terms of officers in the Company and the payroll costs of all other employees in the Company, including the ratio to the average payroll cost and the cost of the median salary of the employees of the Company; (2) the data provided by ZVIRAN in connection with the compensation of officers in the Company compared to companies with characteristics that are similar to the characteristics of the Company in terms of size, ownership and status; (3) the existing compensation terms of the officers in the Company, information regarding the scope of position that each of the officers fills in the Company and the maximum compensation that each can receive; and (4) the ratio between the variable components and the fixed components in the compensation terms of the officers in the Company.
- 2.12.8 The reasons based on which the Balance, Compensation and Audit Committee and the Board of Directors reapproved the compensation policy are the following, *inter alia*:
 - 2.12.8.1 This is the approval of the Present Compensation Policy to the officers in the Company and that, in accordance with the provisions of the Companies Law, requires approval once every three years, and therefore it is brought for reapproval at present, without material changes compared to the Present Compensation Policy.
 - 2.12.8.2 Setting the compensation to the officers according to the compensation policy will help the Company in maintaining the competition in the recruitment and retention of high-quality manpower for senior executive roles, the creation of incentives for the purpose of improving their performance, for increasing the sense of identification of the officers with the Company and its operations and while taking into consideration the conditions in the market.

- 2.12.8.3 The range of compensations to the officers according to the compensation policy is reasonable and fair, based on the ZVIRAN data presented to them, *inter alia*.
- 2.12.8.4 The compensation policy leaves with the Company a definite and proper leeway for discretion when the Company comes to set the compensation terms of its officers.
- 2.12.8.5 The gaps between the cost of the term of office and terms of employment of the officers to increase the salary of the other employees of the Company and of the contractor workers employed by the Company and in particular the average salary cost and the median salary cost of such employees as said and the salary differences between the top earning employee and the lowest earning employee are reasonable and proper, taking into consideration the type of the Company, its size and sphere of activity, and it does not have an adverse effect on the proper industrial relations in the Company.
- 2.12.8.6 The resolutions of the Balance, Compensation and Audit Committee and the Board of Directors of the Company were adopted after deliberating the considerations enumerated in section 267B(a) of the Companies Law, and after conducting an examination intended to assure that the compensation policy refers to the matters enumerated in Part A in the First Schedule A of the Companies Law, and that it includes the provisions whose inclusion in the compensation policy is mandatory as stated in Part B in the First Schedule A of the Companies Law.
- 2.12.8.7 Taking into consideration the aforesaid, the members of the Balance, Compensation and Audit Committee and the Board of Directors thought that the compensation policy is for the benefit of the Company and is reasonable and proper under the circumstances of the case.

Summary of proposed resolution: to reapprove the compensation policy in the wording attached to this Report as **Appendix I**, for a period of three years, starting from the date of its approval by the general meeting of the shareholders of the Company.

Part B - Convening of an annual and extraordinary general meeting, the date and execution thereof:

3. Quorum and adjourned meeting

A quorum in accordance with the Company's articles shall be constituted when two shareholders holding at least thirty percent (30%) of the total voting rights in the Company are present, in person or by proxy. If a quorum is not present within half an hour from the time set for the start of the General Meeting, the Meeting will be adjourned by a week, and will be held on the same day, time and place. A quorum at an adjourned meeting shall be constituted when two shareholders are present, in person or by proxy, regardless of the percentage of votes represented by them.

4. Requisite majority:

- 4.1 The requisite majority for approval of the item on the agenda as set forth in sections 2.1 – 2.8 above is a majority of the shareholders entitled to participate in the meeting and participate in the vote.
- 4.2 The requisite majority to approve the item on the agenda specified in section 2.9 above (the appointment of Ms. Rivka Granot as an External Director of the Company) pursuant to the provisions of section 239 of the Companies Law, is the majority of the shareholders entitled to participate in the meeting and which participated in the vote, provided that one of the following holds true: (a) the majority of the votes at the meeting will include a majority of the votes of the shareholders who are not controlling shareholders in the Company or who have a personal interest in approving the appointment, except for a personal interest that is not as a result of the relationship with the controlling shareholder, participating in the vote, when the votes of abstaining shareholders as said will not be taken into consideration; or (b) the total number of dissenting votes among the shareholders other than controlling shareholders in the Company or who have a personal interest in the approval of the appointment other than a personal interest that is not the result of the relationship thereof with the controlling shareholder, shall not exceed two percent (2%) of the voting rights in the Company.
- 4.3 The requisite majority to approve the items as stated in sections 2.10 and 2.11 above (reapproval of Mr. Shani's employment agreement and reapproval of the terms of service of Mr. Amit Ben Zvi) pursuant to section 275(a) of the Companies Law, indemnity and exemption letters to the Eligible Officers above is the majority of the shareholders who are entitled to participate in the meeting and who vote at the meeting, provided that one of the following holds true: (a) the majority of the votes of the shareholders at the general meeting shall include a majority of the votes of the shareholders who do not have a personal interest in approving the transaction, participating in the vote, while the count of all the votes of the aforesaid shareholders shall not include the abstaining votes; Or - (b) the total number of dissenting votes of the shareholders who do not have a personal interest in approving the transaction, participating in the vote, shall not exceed a percentage of two percent (2%) of the total voting rights in the Company.
- 4.4 The requisite majority for the purpose of approving the item presented in section 2.12 above (reapproval of the compensation policy of the Company) pursuant to section 267A of the Companies Law, is a majority of the votes of the shareholders who are eligible to participate in the meeting and who participate in the vote, provided that one of the following holds true: (a) the count of the votes at the meeting will include the majority of the entire votes of the shareholders other than the controlling shareholders in the Company or that have personal interest in the approval of the compensation policy and who participate in the vote, when the count of votes of the said shareholders will not take into consideration abstaining votes; or (b) the total number of objecting votes among shareholders other than the controlling shareholders in the Company or who have personal interest in the approval of the compensation policy and who participate in the vote did not exceed a rate of two percent (2%) of the total voting rights in the Company.

5. Eligibility to vote

- 5.1 Pursuant to Article 182(b) of the Companies Regulations (Written Votes and Position Papers) 5766-2005, the determining date will be Sunday, April 17, 2022 (hereinafter: the “**Determining Date**”), in a manner in which all holders of the shares of the Company at the end of trading on the Determining Date shall be entitled to attend the meeting and vote in person or by proxy. Power of attorney for participation and voting at the meeting, together with a legal confirmation of the holding of the shares by virtue of which it is possible to vote, are required to be deposited in the offices of the Company at least 48 hours before the date of the convening of the general meeting. A Hebrew and English version are available on the website of the Company at <http://www.unitronics.com>.
- 5.2 Pursuant to the Companies Regulations (Proof of Ownership of a Share for the Purpose of Voting at the General Meeting), 2000 (hereinafter: “**Proof of Ownership Regulations**”), a shareholder in whose favor a share is registered with a member of the Tel Aviv Stock Exchange Ltd. and is interested in voting at the General Meeting, shall provide the Company with confirmation from the member of the stock exchange, with which the share thereof is registered, with regard to his ownership of the share, on the Determining Date, in accordance with Form 1 in the Appendix to the Proof of Ownership Regulations or alternatively a certificate of ownership will be sent to the Company through the electronic voting system.
- 5.3 Under the Companies Law, a shareholder whose shares are registered with a member of the stock exchange is entitled to receive the certificate of ownership from the member of the stock exchange through which the shares thereof are held, at the branch of the member of the stock exchange or by mail to the address thereof in exchange for delivery charges only, if so requested. An application in this regard shall be given in advance to the particular securities account. In addition, an unregistered shareholder is entitled to instruct that the certificate of ownership thereof be transferred to the Company through the electronic voting system.
- 5.4 The number of shares which constitutes 5% of the total voting rights in the Company is 689,843 ordinary shares of the Company (taking into account dormant shares that do not confer voting rights).
- 5.5 The number of shares which constitutes 5% of the total voting rights in the Company which are not held by the controlling shareholder is as follows: 195,366 ordinary shares of the Company (taking into account dormant shares that do not confer voting rights).

6. Ballot and position statements:

A shareholder is entitled to vote at the meeting by means of a ballot on items 2.9 - 2.12 on the agenda, as stated below:

- 6.1 Voting in writing shall be performed in the second section of the ballot attached to this Report, as published on the distribution website (as defined in section 6.6 below).
- 6.2 A shareholder is entitled to apply directly to the Company and to receive therefrom the wording of the ballot and the position statements.
- 6.3 The stock exchange member shall send by email, at no charge, a link to the text of the ballot and the position statements on the distribution website, to any shareholder who is not registered in the shareholders' register and the shares of which are registered with that stock exchange member, if the holder of the shares advised it was interested in

such, provided that the notice was given with regard to a specific securities account and on a date prior to the Determining Date.

6.4 The ballot will only be valid if the documents specified in the ballot are attached thereto (hereinafter: the “**Attached Documents**”), and if it was presented at the offices of the Company up to 4 hours prior to the time of the convening of the meeting. In this regard, the “date of presentation” is the date on which the ballot and the Attached Documents arrive at the offices of the Company. The deadline for submitting position statements to the Company is up to 10 days prior to the date of the meeting.

6.5 The deadline for submitting position statements to the Company is: Sunday, May 8, 2022.

The deadline for submitting the response of the Board of Directors to the position statements is: Thursday, May 12, 2022.

6.6 The wording of the ballot and the position statements, under the meaning thereof in Article 88 of the Companies Law, can be found on the website of the Securities Authority (<http://www.magna.isa.gov.il/>) (hereinafter: the “**Distribution Website**”) and on the Tel Aviv Stock Exchange Ltd. website. (<http://maya.tase.co.il/>) or on the website of the Company (<http://www.unitronics.com>).

7. Voting by electronic ballot

7.1 An unregistered shareholder is entitled to vote on the resolutions on the agenda of the Meeting, which are set forth in section 2 above, using an electronic ballot that will be transmitted through the Electronic Voting System, as such is defined in the Voting Regulations (hereinafter; the “**Electronic Ballot**”).

7.2 An Electronic Ballot is opened for voting at the end of the Determining Date. Voting by Electronic Ballot will end 6 hours prior to the date of the Meeting (namely, **Tuesday, May 17, 2022 at 08:00**), at which time the Electronic Voting System will be closed.

7.3 The Electronic Voting may be changed or cancelled until the closing of the Electronic Voting System and no change thereto shall be permitted through the Electronic Voting System thereafter. If a shareholder voted in more than one manner, the final vote thereof shall be counted. In this regard, the vote of the shareholder personally or by proxy, by means of the Electronic Ballot, shall be considered the final vote.

8. Representatives of the Company handling the Immediate Report

Accountant Itzhak Hai, the CFO of the Company is the representative of the Company in anything related to this Immediate Report. Address: Unitronics Building, Arava Street, Airport City, Lod. Tel.: 03-9778888; Fax: 03-9778877.

9. Review of documents

The Immediate Report and the documents referred therein and the full wording of the resolutions that are on the agenda may be reviewed in the offices of the Company in the Address: Unitronics Building, Arava Street, Airport City, Lod. on Sunday to Thursday, during regular business hours and by appointment with Mr. Itzhak Hai (Tel.: 03-9778888; Fax: 03-9778877).

10. Authority of the Securities Authority

- 10.1 Within twenty-one (21) days from the date of submission of this report, the Authority is entitled to instruct the Company to provide, within the date to be determined, an explanation, details, information and documents regarding the engagements subject of this report, and to instruct the Company to amend the report in the manner and on the date to be determined.
- 10.2 If an instruction has been issued to amend this report, the Authority is entitled to order that the date of the meeting be postponed as stated in the Controlling Shareholder Regulations.
- 10.3 If the Company is required to submit such an amendment, it shall be delivered to all the shareholders to whom this report is delivered, and it shall also publish a notification with regard to this matter, in the manner prescribed in the Controlling Shareholder Regulations, and all unless otherwise instructed by the Authority.
- 10.4 If an instruction has been issued with regard to the postponement of the date of the convening of the meeting, the Company will announce the instruction in an Immediate Report.

Sincerely,

Unitronics (1989) (R”G) Ltd.

Haim Shani, Incumbent Chairman of the Board of Directors

APPENDIX A

DECLARATION OF CANDIDATE TO SERVE AS A DIRECTOR OF THE COMPANY – MR. ZVI LIVNE

To:

Unitronics (1989) (R”G) Ltd.

Declaration of Candidate for Office of Director in Public Company

Under the Companies Law, 5759-1999 (the "**Law**")

I, the undersigned, *Zvi Livne*, ID number: 010025658, address: 20 *Ma'ale Habanim, Yokneam Moshava* hereby declare for the purpose of my appointment as a director in the company as follows:

1. None of the restrictions determined in Sections 225 to 227A of the Law on restriction on appointment of a minor, an incompetent person, bankruptcy, a restriction on appointment as a result of the commission of an offense, a conviction or a decision of the administrative enforcement committee – as these restrictions are drafted on the date of execution of this declaration, as set forth in **Appendix A** and constituting an integral part hereof, are satisfied in my case.
2. Pursuant to the provisions of the Law, I am considered to have a "personal interest" as defined in the Law, in transactions between the Company and myself and between the Company and any of my relatives and between the Company and corporations and entities in which I or any of my relatives are stakeholders (hereinafter, the "**Corporations**").
3. My activities within the scope of my office as an office holder of the Company, as long as they are carried out in good faith, as long as they are not connected to me or my relatives or the Corporations personally, are not considered to be acts amounting to a conflict of interest or competition with the business of the Company or usurpation of a business opportunity of the Company with the object of obtaining a benefit for myself or any other person (hereinafter, "**Breach of Trust**") and do not harm the best interest of the Company, just because me or my relatives are stakeholders in the Corporations.
4. Where I to believe, according to my best knowledge, that an activity within the scope of my office as office holder of the Company is connected to me or my relatives or the Corporations personally, and also were the Company to enter into an exceptional transaction and/or an ordinary transaction connected to me or my relatives or the Corporations personally and it came to my knowledge – I shall notify the audit committee and/or the board of directors, as the case may be, of my personal interest, if the activity and/or transaction is presented for their approval, or to an entity and/or forum reaching a decision with respect to the act or approving the transaction, if the activity and/or transaction is not presented for the approval of the board of directors at the beginning of the deliberation on the activity and/or the transaction and I shall not be present at the meeting at the time of the deliberation on the activity and/or the transaction; however, I may be entitled to participate at the beginning of the meeting for the purpose of passing on information only.

5. I hereby confirm that the entire particulars required under Regulation 26 of the Securities Regulations (Periodic and Immediate Reports), 5730-1970 and that are stated in Part D of the Periodic Report of the Company for the year 2021 and that also include my relevant skills, education and experience for my tenure as a director in the Company are true and full.
6. Likewise, I undertake that if any of the conditions required under the Law for my office as director of the Company cease to exist in my case, or if a ground for the expiration of my office as director of the Company exists in my case, I shall notify the Company thereof immediately and my office shall expire from the date of notification as stated in Section 227A of the Law (as set forth in Appendix A). I know that pursuant to Section 234 of the Law, a breach of such duty of notification shall be deemed a Breach of Trust on my part to the Company.
7. After having closely read and understood all that stated above, I declare that all that stated above is the truth and that I am fully aware of all my obligations and rights under the Law and Regulations.

Zvi Livne
Name

March 28, 2022
Date

(-)
Signature

Appendix A

Articles 225-227A of the Companies Law, 5759-1999

Duty of Disclosure

225. (a) A person who is a candidate to hold office as a director shall disclose to the person appointing him:

(1) whether he has been convicted by a conclusive judgment of an offense referred to in section 226(a) and not yet passed the period in which he should not serve as a director under section 226;

(2) whether he has been convicted by a conclusive judgment of an offense referred to in section 226(a1) and not yet passed the period set by the court under that subsection;

(3) whether the Administrative Enforcement Committee imposed on him enforcement measure which prohibits him to serve as a director in any public company or any private company which is a debenture company, and not yet passed the period set by the Administrative Enforcement Committee.

(b) In this mark:

"enforcement measure" – as stated in section 52NF to the Securities Law which imposed under chapter H4 to the Securities Law, under chapter G2 to the Investment Advice and Investment Portfolio Management Law, 1995, or under chapter J1 to the Joint Investment Trust Law, 1994, as applicable;

"Administrative Enforcement Committee" - the committee appointed under section 52LB(a) to the Securities Law;

"Conclusive judgment" – judgment of a court of the first instance

Restriction on Appointment Due to Conviction

226. (a) A person convicted by a conclusive judgment of one of the following offenses shall not hold office as a Director in a public company or a private company which is a debenture company unless five years have passed from the date on which the judgment by which he was convicted was given:

(1) Offenses under sections 290 to 297, 392, 415, 418 to 420 and 422 to 428 of the Penal Law, 5737-1977, and under sections 52C, 52D, 53(a) and 54 of the Securities Law;

(2) A conviction by a court outside Israel for offenses of bribery, deceit, offenses by managers of a corporate body or offenses involving misuse of inside information;

(3) (deleted)

(a1) A person convicted by a conclusive judgment, as it is defined in section 225(b), in an offense that was not mentioned in subsection (a), if the court determined that due to its nature, severity or circumstances he is not fit to serve as a director of public company or a private company which is a debenture company for the period that the court determined which shall not exceed five years from the judgment.

(b) The court may determine, at the date of the conviction or thereafter, on the application of a person interested in being appointed as a director, that despite his conviction of offenses as laid down in subsections (a), and taking into account, inter alia, the circumstances in which the offense took place, such person is not precluded from holding office as director of a public company or a private

company which is a debenture company , or the period in which he is precluded from holding office as director of public company or a private company which is a Debenture Company will be shorter than five years.

(c) The Minister may prescribe additional offenses to those laid down in subsection (a)(1).

(d) The court, or a court of appeal – if one was submitted, may order a stay of execution regarding the limitations of the appointment or termination of office under this section at the date and on such terms as it deems fit.

**Restriction on
Appointment
Due to
Administrative
Enforcement
Committee
decision**

226A. If the Administrative Enforcement Committee has imposed an enforcement measure on a person, which precludes him from holding office as director of a public company or a private company which is a debenture company, such person shall not be appointed as a director of a company in which he is prohibited to serve as a director according to this measure;

**Limitation of
Appointment**

227. (a) A minor, a legally incompetent person, a person who has been declared bankrupt as long as such person remains undischarged, shall not be appointed as director, nor shall a corporation that has resolved to enter into voluntary liquidation or in respect of which a winding up order has been issued.

(b) A person nominated to hold office as director to whom the provisions of subsection (A) apply shall disclose such to the entity appointing him.

**Duty of
Notice**

227A. A director that no longer fulfils one of the requirements for office as a director under this Law or there is ground for expiration of his office as a director shall notify the company immediately, and his office shall expire on the date of the notice.

APPENDIX B

DECLARATION OF CANDIDATE TO SERVE AS A DIRECTOR OF THE COMPANY – MR. GILLON BECK

To:

Unitronics (1989) (R”G) Ltd.

Declaration of Candidate for Office of Director in Public Company

Under the Companies Law, 5759-1999 (the "**Law**")

I, the undersigned, *Gillon Beck*, ID number: 057382780, address: 94 Yigal Alon st., Tel Aviv, hereby declare for the purpose of my appointment as a director in the company as follows:

1. None of the restrictions determined in Sections 225 to 227A of the Law on restriction on appointment of a minor, an incompetent person, bankruptcy, a restriction on appointment as a result of the commission of an offense, a conviction or a decision of the administrative enforcement committee – as these restrictions are drafted on the date of execution of this declaration, as set forth in **Appendix A** and constituting an integral part hereof, are satisfied in my case.
2. Pursuant to the provisions of the Law, I am considered to have a "personal interest" as defined in the Law, in transactions between the Company and myself and between the Company and any of my relatives and between the Company and corporations and entities in which I or any of my relatives are stakeholders (hereinafter, the "**Corporations**").
3. My activities within the scope of my office as an office holder of the Company, as long as they are carried out in good faith, as long as they are not connected to me or my relatives or the Corporations personally, are not considered to be acts amounting to a conflict of interest or competition with the business of the Company or usurpation of a business opportunity of the Company with the object of obtaining a benefit for myself or any other person (hereinafter, "**Breach of Trust**") and do not harm the best interest of the Company, just because me or my relatives are stakeholders in the Corporations.
4. Where I to believe, according to my best knowledge, that an activity within the scope of my office as office holder of the Company is connected to me or my relatives or the Corporations personally, and also were the Company to enter into an exceptional transaction and/or an ordinary transaction connected to me or my relatives or the Corporations personally and it came to my knowledge – I shall notify the audit committee and/or the board of directors, as the case may be, of my personal interest, if the activity and/or transaction is presented for their approval, or to an entity and/or forum reaching a decision with respect to the act or approving the transaction, if the activity and/or transaction is not presented for the approval of the board of directors at the beginning of the deliberation on the activity and/or the transaction and I shall not be present at the meeting at the time of the deliberation on the activity and/or the transaction; however, I may be entitled to participate at the beginning of the meeting for the purpose of passing on information only.

5. I hereby confirm that the entire particulars required under Regulation 26 of the Securities Regulations (Periodic and Immediate Reports), 5730-1970 and that are stated in Part D of the Periodic Report of the Company for the year 2021 and that also include my relevant skills, education and experience for my tenure as a director in the Company are true and full.
6. Likewise, I undertake that if any of the conditions required under the Law for my office as director of the Company cease to exist in my case, or if a ground for the expiration of my office as director of the Company exists in my case, I shall notify the Company thereof immediately and my office shall expire from the date of notification as stated in Section 227A of the Law (as set forth in Appendix A). I know that pursuant to Section 234 of the Law, a breach of such duty of notification shall be deemed a Breach of Trust on my part to the Company.
7. After having closely read and understood all that stated above, I declare that all that stated above is the truth and that I am fully aware of all my obligations and rights under the Law and Regulations.

Gillon Beck
Name

April 10, 2022
Date

(-)
Signature

Appendix A

Articles 225-227A of the Companies Law, 5759-1999

Duty of Disclosure

225. (a) A person who is a candidate to hold office as a director shall disclose to the person appointing him:

(1) whether he has been convicted by a conclusive judgment of an offense referred to in section 226(a) and not yet passed the period in which he should not serve as a director under section 226;

(2) whether he has been convicted by a conclusive judgment of an offense referred to in section 226(a1) and not yet passed the period set by the court under that subsection;

(3) whether the Administrative Enforcement Committee imposed on him enforcement measure which prohibits him to serve as a director in any public company or any private company which is a debenture company, and not yet passed the period set by the Administrative Enforcement Committee.

(b) In this mark:

"enforcement measure" – as stated in section 52NF to the Securities Law which imposed under chapter H4 to the Securities Law, under chapter G2 to the Investment Advice and Investment Portfolio Management Law, 1995, or under chapter J1 to the Joint Investment Trust Law, 1994, as applicable;

"Administrative Enforcement Committee" - the committee appointed under section 52LB(a) to the Securities Law;

"Conclusive judgment" – judgment of a court of the first instance

Restriction on Appointment Due to Conviction

226. (a) A person convicted by a conclusive judgment of one of the following offenses shall not hold office as a Director in a public company or a private company which is a debenture company unless five years have passed from the date on which the judgment by which he was convicted was given:

(1) Offenses under sections 290 to 297, 392, 415, 418 to 420 and 422 to 428 of the Penal Law, 5737-1977, and under sections 52C, 52D, 53(a) and 54 of the Securities Law;

(2) A conviction by a court outside Israel for offenses of bribery, deceit, offenses by managers of a corporate body or offenses involving misuse of inside information;

(3) (deleted)

(a1) A person convicted by a conclusive judgment, as it is defined in section 225(b), in an offense that was not mentioned in subsection (a), if the court determined that due to its nature, severity or circumstances he is not fit to serve as a director of public company or a private company which is a debenture company for the period that the court determined which shall not exceed five years from the judgment.

(b) The court may determine, at the date of the conviction or thereafter, on the application of a person interested in being appointed as a director, that despite his conviction of offenses as laid down in subsections (a), and taking into account, inter alia, the circumstances in which the offense took place, such person is not precluded from holding office as director of a public company or a private

company which is a debenture company , or the period in which he is precluded from holding office as director of public company or a private company which is a Debenture Company will be shorter than five years.

(c) The Minister may prescribe additional offenses to those laid down in subsection (a)(1).

(d) The court, or a court of appeal – if one was submitted, may order a stay of execution regarding the limitations of the appointment or termination of office under this section at the date and on such terms as it deems fit.

**Restriction on
Appointment
Due to
Administrative
Enforcement
Committee
decision**

226A. If the Administrative Enforcement Committee has imposed an enforcement measure on a person, which precludes him from holding office as director of a public company or a private company which is a debenture company, such person shall not be appointed as a director of a company in which he is prohibited to serve as a director according to this measure;

**Limitation of
Appointment**

227. (a) A minor, a legally incompetent person, a person who has been declared bankrupt as long as such person remains undischarged, shall not be appointed as director, nor shall a corporation that has resolved to enter into voluntary liquidation or in respect of which a winding up order has been issued.

(b) A person nominated to hold office as director to whom the provisions of subsection (A) apply shall disclose such to the entity appointing him.

**Duty of
Notice**

227A. A director that no longer fulfils one of the requirements for office as a director under this Law or there is ground for expiration of his office as a director shall notify the company immediately, and his office shall expire on the date of the notice.

APPENDIX C

DECLARATION OF CANDIDATE TO SERVE AS A DIRECTOR OF THE COMPANY – MR. YARIV AVISAR

To:
Unitronics (1989) (R”G) Ltd.

Declaration of Candidate for Office of Director in Public Company

Under the Companies Law, 5759-1999 (the "**Law**")

I, the undersigned, *Yariv Avisar*, ID number: 57418873, address: *Hashachaf st. P.O.B 219 Ein Sarid*, hereby declare for the purpose of my appointment as a director in the company as follows:

1. None of the restrictions determined in Sections 225 to 227A of the Law on restriction on appointment of a minor, an incompetent person, bankruptcy, a restriction on appointment as a result of the commission of an offense, a conviction or a decision of the administrative enforcement committee – as these restrictions are drafted on the date of execution of this declaration, as set forth in **Appendix A** and constituting an integral part hereof, are satisfied in my case.
2. Pursuant to the provisions of the Law, I am considered to have a "personal interest" as defined in the Law, in transactions between the Company and myself and between the Company and any of my relatives and between the Company and corporations and entities in which I or any of my relatives are stakeholders (hereinafter, the "**Corporations**").
3. My activities within the scope of my office as an office holder of the Company, as long as they are carried out in good faith, as long as they are not connected to me or my relatives or the Corporations personally, are not considered to be acts amounting to a conflict of interest or competition with the business of the Company or usurpation of a business opportunity of the Company with the object of obtaining a benefit for myself or any other person (hereinafter, "**Breach of Trust**") and do not harm the best interest of the Company, just because me or my relatives are stakeholders in the Corporations.
4. Where I to believe, according to my best knowledge, that an activity within the scope of my office as office holder of the Company is connected to me or my relatives or the Corporations personally, and also were the Company to enter into an exceptional transaction and/or an ordinary transaction connected to me or my relatives or the Corporations personally and it came to my knowledge – I shall notify the audit committee and/or the board of directors, as the case may be, of my personal interest, if the activity and/or transaction is presented for their approval, or to an entity and/or forum reaching a decision with respect to the act or approving the transaction, if the activity and/or transaction is not presented for the approval of the board of directors at the beginning of the deliberation on the activity and/or the transaction and I shall not be present at the meeting at the time of the deliberation on the activity and/or the transaction; however, I may be entitled to

participate at the beginning of the meeting for the purpose of passing on information only.

5. I hereby confirm that the entire particulars required under Regulation 26 of the Securities Regulations (Periodic and Immediate Reports), 5730-1970 and that are stated in Part D of the Periodic Report of the Company for the year 2021 and that also include my relevant skills, education and experience for my tenure as a director in the Company are true and full.
6. Likewise, I undertake that if any of the conditions required under the Law for my office as director of the Company cease to exist in my case, or if a ground for the expiration of my office as director of the Company exists in my case, I shall notify the Company thereof immediately and my office shall expire from the date of notification as stated in Section 227A of the Law (as set forth in Appendix A). I know that pursuant to Section 234 of the Law, a breach of such duty of notification shall be deemed a Breach of Trust on my part to the Company.
7. After having closely read and understood all that stated above, I declare that all that stated above is the truth and that I am fully aware of all my obligations and rights under the Law and Regulations.

Yariv Avisar
Name

March 28, 2022
Date

(-)
Signature

Appendix A

Articles 225-227A of the Companies Law, 5759-1999

Duty of Disclosure

225. (a) A person who is a candidate to hold office as a director shall disclose to the person appointing him:

(1) whether he has been convicted by a conclusive judgment of an offense referred to in section 226(a) and not yet passed the period in which he should not serve as a director under section 226;

(2) whether he has been convicted by a conclusive judgment of an offense referred to in section 226(a1) and not yet passed the period set by the court under that subsection;

(3) whether the Administrative Enforcement Committee imposed on him enforcement measure which prohibits him to serve as a director in any public company or any private company which is a debenture company, and not yet passed the period set by the Administrative Enforcement Committee.

(b) In this mark:

"enforcement measure" – as stated in section 52NF to the Securities Law which imposed under chapter H4 to the Securities Law, under chapter G2 to the Investment Advice and Investment Portfolio Management Law, 1995, or under chapter J1 to the Joint Investment Trust Law, 1994, as applicable;

"Administrative Enforcement Committee" - the committee appointed under section 52LB(a) to the Securities Law;

"Conclusive judgment" – judgment of a court of the first instance

Restriction on Appointment Due to Conviction

226. (a) A person convicted by a conclusive judgment of one of the following offenses shall not hold office as a Director in a public company or a private company which is a debenture company unless five years have passed from the date on which the judgment by which he was convicted was given:

(1) Offenses under sections 290 to 297, 392, 415, 418 to 420 and 422 to 428 of the Penal Law, 5737-1977, and under sections 52C, 52D, 53(a) and 54 of the Securities Law;

(2) A conviction by a court outside Israel for offenses of bribery, deceit, offenses by managers of a corporate body or offenses involving misuse of inside information;

(3) (deleted)

(a1) A person convicted by a conclusive judgment, as it is defined in section 225(b), in an offense that was not mentioned in subsection (a), if the court determined that due to its nature, severity or circumstances he is not fit to serve as a director of public company or a private company which is a debenture company for the period that the court determined which shall not exceed five years from the judgment.

(b) The court may determine, at the date of the conviction or thereafter, on the application of a person interested in being appointed as a director, that despite his conviction of offenses as laid down in subsections (a), and taking into account, inter alia, the circumstances in which the offense took place, such person is not precluded from holding office as director of a public company or a private

company which is a debenture company , or the period in which he is precluded from holding office as director of public company or a private company which is a Debenture Company will be shorter than five years.

(c) The Minister may prescribe additional offenses to those laid down in subsection (a)(1).

(d) The court, or a court of appeal – if one was submitted, may order a stay of execution regarding the limitations of the appointment or termination of office under this section at the date and on such terms as it deems fit.

**Restriction on
Appointment
Due to
Administrative
Enforcement
Committee
decision**

226A. If the Administrative Enforcement Committee has imposed an enforcement measure on a person, which precludes him from holding office as director of a public company or a private company which is a debenture company, such person shall not be appointed as a director of a company in which he is prohibited to serve as a director according to this measure;

**Limitation of
Appointment**

227. (a) A minor, a legally incompetent person, a person who has been declared bankrupt as long as such person remains undischarged, shall not be appointed as director, nor shall a corporation that has resolved to enter into voluntary liquidation or in respect of which a winding up order has been issued.

(b) A person nominated to hold office as director to whom the provisions of subsection (A) apply shall disclose such to the entity appointing him.

**Duty of
Notice**

227A. A director that no longer fulfils one of the requirements for office as a director under this Law or there is ground for expiration of his office as a director shall notify the company immediately, and his office shall expire on the date of the notice.

APPENDIX D

DECLARATION OF CANDIDATE TO SERVE AS A DIRECTOR OF THE COMPANY – MR. AMIT BEN-ZVI

To:
Unitronics (1989) (R”G) Ltd.

Declaration of Candidate for Office of Director in Public Company

Under the Companies Law, 5759-1999 (the "Law")

I, the undersigned, *Amit Ben-Zvi*, ID number: 022644744, address: 94 Yigal Alon st. Tel Aviv, hereby declare for the purpose of my appointment as a director in the company as follows:

:

1. None of the restrictions determined in Sections 225 to 227A of the Law on restriction on appointment of a minor, an incompetent person, bankruptcy, a restriction on appointment as a result of the commission of an offense, a conviction or a decision of the administrative enforcement committee – as these restrictions are drafted on the date of execution of this declaration, as set forth in Appendix A and constituting an integral part hereof, are satisfied in my case.
2. Pursuant to the provisions of the Law, I am considered to have a "personal interest" as defined in the Law, in transactions between the Company and myself and between the Company and any of my relatives and between the Company and corporations and entities in which I or any of my relatives are stakeholders (hereinafter, the "**Corporations**").
3. My activities within the scope of my office as an office holder of the Company, as long as they are carried out in good faith, as long as they are not connected to me or my relatives or the Corporations personally, are not considered to be acts amounting to a conflict of interest or competition with the business of the Company or usurpation of a business opportunity of the Company with the object of obtaining a benefit for myself or any other person (hereinafter, "**Breach of Trust**") and do not harm the best interest of the Company, just because me or my relatives are stakeholders in the Corporations.
4. Where I to believe, according to my best knowledge, that an activity within the scope of my office as office holder of the Company is connected to me or my relatives or the Corporations personally, and also were the Company to enter into an exceptional transaction and/or an ordinary transaction connected to me or my relatives or the Corporations personally and it came to my knowledge – I shall notify the audit committee and/or the board of directors, as the case may be, of my personal interest, if the activity and/or transaction is presented for their approval, or to an entity and/or forum reaching a decision with respect to the act or approving the transaction, if the activity and/or transaction is not presented for the approval of the board of directors at the beginning of the deliberation on the activity and/or the transaction and I shall not be present at the meeting at the time of the deliberation on the activity and/or the transaction; however, I may be entitled to participate at the beginning of the meeting for the purpose of passing on information only.

5. I hereby confirm that the entire particulars required under Regulation 26 of the Securities Regulations (Periodic and Immediate Reports), 5730-1970 and that are stated in Part D of the Periodic Report of the Company for the year 2021 and that also include my relevant skills, education and experience for my tenure as a director in the Company are true and full.
6. Likewise, I undertake that if any of the conditions required under the Law for my office as director of the Company cease to exist in my case, or if a ground for the expiration of my office as director of the Company exists in my case, I shall notify the Company thereof immediately and my office shall expire from the date of notification as stated in Section 227A of the Law (as set forth in Appendix A). I know that pursuant to Section 234 of the Law, a breach of such duty of notification shall be deemed a Breach of Trust on my part to the Company.
7. After having closely read and understood all that stated above, I declare that all that stated above is the truth and that I am fully aware of all my obligations and rights under the Law and Regulations.

Amit Ben-Zvi
Name

March 28, 2022
Date

(-)
Signature

Appendix A

Articles 225-227A of the Companies Law, 5759-1999

Duty of Disclosure

225. (a) A person who is a candidate to hold office as a director shall disclose to the person appointing him:

(1) whether he has been convicted by a conclusive judgment of an offense referred to in section 226(a) and not yet passed the period in which he should not serve as a director under section 226;

(2) whether he has been convicted by a conclusive judgment of an offense referred to in section 226(a1) and not yet passed the period set by the court under that subsection;

(3) whether the Administrative Enforcement Committee imposed on him enforcement measure which prohibits him to serve as a director in any public company or any private company which is a debenture company, and not yet passed the period set by the Administrative Enforcement Committee.

(b) In this mark:

"enforcement measure" – as stated in section 52NF to the Securities Law which imposed under chapter H4 to the Securities Law, under chapter G2 to the Investment Advice and Investment Portfolio Management Law, 1995, or under chapter J1 to the Joint Investment Trust Law, 1994, as applicable;

"Administrative Enforcement Committee" - the committee appointed under section 52LB(a) to the Securities Law;

"Conclusive judgment" – judgment of a court of the first instance

Restriction on Appointment Due to Conviction

226. (a) A person convicted by a conclusive judgment of one of the following offenses shall not hold office as a Director in a public company or a private company which is a debenture company unless five years have passed from the date on which the judgment by which he was convicted was given:

(1) Offenses under sections 290 to 297, 392, 415, 418 to 420 and 422 to 428 of the Penal Law, 5737-1977, and under sections 52C, 52D, 53(a) and 54 of the Securities Law;

(2) A conviction by a court outside Israel for offenses of bribery, deceit, offenses by managers of a corporate body or offenses involving misuse of inside information;

(3) (deleted)

(a1) A person convicted by a conclusive judgment, as it is defined in section 225(b), in an offense that was not mentioned in subsection (a), if the court determined that due to its nature, severity or circumstances he is not fit to serve as a director of public company or a private company which is a debenture company for the period that the court determined which shall not exceed five years from the judgment.

(b) The court may determine, at the date of the conviction or thereafter, on the application of a person interested in being appointed as a director, that despite his conviction of offenses as laid down in subsections (a), and taking into account, inter alia, the circumstances in which the offense took place, such person is not precluded from holding office as director of a public company or a private

company which is a debenture company , or the period in which he is precluded from holding office as director of public company or a private company which is a Debenture Company will be shorter than five years.

(c) The Minister may prescribe additional offenses to those laid down in subsection (a)(1).

(d) The court, or a court of appeal – if one was submitted, may order a stay of execution regarding the limitations of the appointment or termination of office under this section at the date and on such terms as it deems fit.

**Restriction on
Appointment
Due to
Administrative
Enforcement
Committee
decision**

226A. If the Administrative Enforcement Committee has imposed an enforcement measure on a person, which precludes him from holding office as director of a public company or a private company which is a debenture company, such person shall not be appointed as a director of a company in which he is prohibited to serve as a director according to this measure;

**Limitation of
Appointment**

227. (a) A minor, a legally incompetent person, a person who has been declared bankrupt as long as such person remains undischarged, shall not be appointed as director, nor shall a corporation that has resolved to enter into voluntary liquidation or in respect of which a winding up order has been issued.

(b) A person nominated to hold office as director to whom the provisions of subsection (A) apply shall disclose such to the entity appointing him.

**Duty of
Notice**

227A. A director that no longer fulfils one of the requirements for office as a director under this Law or there is ground for expiration of his office as a director shall notify the company immediately, and his office shall expire on the date of the notice.

APPENDIX E

DECLARATION OF CANDIDATE TO SERVE AS A DIRECTOR OF THE COMPANY – MR. HAIM SHANI

To:
Unitronics (1989) (R”G) Ltd.

Declaration of Candidate for Office of Director in Public Company

Under the Companies Law, 5759-1999 (the "Law")

I, the undersigned, *Haim Shani*, ID number: 056548142, address: 17 Arlozorov st. Tel Aviv, hereby declare for the purpose of my appointment as a director in the company as follows:

1. None of the restrictions determined in Sections 225 to 227A of the Law on restriction on appointment of a minor, an incompetent person, bankruptcy, a restriction on appointment as a result of the commission of an offense, a conviction or a decision of the administrative enforcement committee – as these restrictions are drafted on the date of execution of this declaration, as set forth in Appendix A and constituting an integral part hereof, are satisfied in my case.
2. Pursuant to the provisions of the Law, I am considered to have a "personal interest" as defined in the Law, in transactions between the Company and myself and between the Company and any of my relatives and between the Company and corporations and entities in which I or any of my relatives are stakeholders (hereinafter, the "**Corporations**").
3. My activities within the scope of my office as an office holder of the Company, as long as they are carried out in good faith, as long as they are not connected to me or my relatives or the Corporations personally, are not considered to be acts amounting to a conflict of interest or competition with the business of the Company or usurpation of a business opportunity of the Company with the object of obtaining a benefit for myself or any other person (hereinafter, "**Breach of Trust**") and do not harm the best interest of the Company, just because me or my relatives are stakeholders in the Corporations.
4. Where I to believe, according to my best knowledge, that an activity within the scope of my office as office holder of the Company is connected to me or my relatives or the Corporations personally, and also were the Company to enter into an exceptional transaction and/or an ordinary transaction connected to me or my relatives or the Corporations personally and it came to my knowledge – I shall notify the audit committee and/or the board of directors, as the case may be, of my personal interest, if the activity and/or transaction is presented for their approval, or to an entity and/or forum reaching a decision with respect to the act or approving the transaction, if the activity and/or transaction is not presented for the approval of the board of directors at the beginning of the deliberation on the activity and/or the transaction and I shall not be present at the meeting at the time of the deliberation on the activity and/or the transaction; however, I may be entitled to participate at the beginning of the meeting for the purpose of passing on information only.

5. I hereby confirm that the entire particulars required under Regulation 26 of the Securities Regulations (Periodic and Immediate Reports), 5730-1970 and that are stated in Part D of the Periodic Report of the Company for the year 2021 and that also include my relevant skills, education and experience for my tenure as a director in the Company are true and full.
6. Likewise, I undertake that if any of the conditions required under the Law for my office as director of the Company cease to exist in my case, or if a ground for the expiration of my office as director of the Company exists in my case, I shall notify the Company thereof immediately and my office shall expire from the date of notification as stated in Section 227A of the Law (as set forth in Appendix A). I know that pursuant to Section 234 of the Law, a breach of such duty of notification shall be deemed a Breach of Trust on my part to the Company.
7. After having closely read and understood all that stated above, I declare that all that stated above is the truth and that I am fully aware of all my obligations and rights under the Law and Regulations.

Haim Shani
Name

March 28, 2022
Date

(-)
Signature

Appendix A

Articles 225-227A of the Companies Law, 5759-1999

Duty of Disclosure

225. (a) A person who is a candidate to hold office as a director shall disclose to the person appointing him:

(1) whether he has been convicted by a conclusive judgment of an offense referred to in section 226(a) and not yet passed the period in which he should not serve as a director under section 226;

(2) whether he has been convicted by a conclusive judgment of an offense referred to in section 226(a1) and not yet passed the period set by the court under that subsection;

(3) whether the Administrative Enforcement Committee imposed on him enforcement measure which prohibits him to serve as a director in any public company or any private company which is a debenture company, and not yet passed the period set by the Administrative Enforcement Committee.

(b) In this mark:

"enforcement measure" – as stated in section 52NF to the Securities Law which imposed under chapter H4 to the Securities Law, under chapter G2 to the Investment Advice and Investment Portfolio Management Law, 1995, or under chapter J1 to the Joint Investment Trust Law, 1994, as applicable;

"Administrative Enforcement Committee" - the committee appointed under section 52LB(a) to the Securities Law;

"Conclusive judgment" – judgment of a court of the first instance

Restriction on Appointment Due to Conviction

226. (a) A person convicted by a conclusive judgment of one of the following offenses shall not hold office as a Director in a public company or a private company which is a debenture company unless five years have passed from the date on which the judgment by which he was convicted was given:

(1) Offenses under sections 290 to 297, 392, 415, 418 to 420 and 422 to 428 of the Penal Law, 5737-1977, and under sections 52C, 52D, 53(a) and 54 of the Securities Law;

(2) A conviction by a court outside Israel for offenses of bribery, deceit, offenses by managers of a corporate body or offenses involving misuse of inside information;

(3) (deleted)

(a1) A person convicted by a conclusive judgment, as it is defined in section 225(b), in an offense that was not mentioned in subsection (a), if the court determined that due to its nature, severity or circumstances he is not fit to serve as a director of public company or a private company which is a debenture company for the period that the court determined which shall not exceed five years from the judgment.

(b) The court may determine, at the date of the conviction or thereafter, on the application of a person interested in being appointed as a director, that despite his conviction of offenses as laid down in subsections (a), and taking into account, inter alia, the circumstances in which the offense took place, such person is not precluded from holding office as director of a public company or a private

company which is a debenture company , or the period in which he is precluded from holding office as director of public company or a private company which is a Debenture Company will be shorter than five years.

(c) The Minister may prescribe additional offenses to those laid down in subsection (a)(1).

(d) The court, or a court of appeal – if one was submitted, may order a stay of execution regarding the limitations of the appointment or termination of office under this section at the date and on such terms as it deems fit.

**Restriction on
Appointment
Due to
Administrative
Enforcement
Committee
decision**

226A. If the Administrative Enforcement Committee has imposed an enforcement measure on a person, which precludes him from holding office as director of a public company or a private company which is a debenture company, such person shall not be appointed as a director of a company in which he is prohibited to serve as a director according to this measure;

**Limitation of
Appointment**

227. (a) A minor, a legally incompetent person, a person who has been declared bankrupt as long as such person remains undischarged, shall not be appointed as director, nor shall a corporation that has resolved to enter into voluntary liquidation or in respect of which a winding up order has been issued.

(b) A person nominated to hold office as director to whom the provisions of subsection (A) apply shall disclose such to the entity appointing him.

**Duty of
Notice**

227A. A director that no longer fulfils one of the requirements for office as a director under this Law or there is ground for expiration of his office as a director shall notify the company immediately, and his office shall expire on the date of the notice.

APPENDIX F

DECLARATION OF CANDIDATE TO SERVE AS A DIRECTOR OF THE COMPANY – MS. BAREKET SHANI

To:
Unitronics (1989) (R”G) Ltd.

Declaration of Candidate for Office of Director in Public Company

Under the Companies Law, 5759-1999 (the "Law")

I, the undersigned, *Bareket Shani*, ID number: 058136631, address: 17 Arlozorov st. Tel Aviv, hereby declare for the purpose of my appointment as a director in the company as follows:

1. None of the restrictions determined in Sections 225 to 227A of the Law on restriction on appointment of a minor, an incompetent person, bankruptcy, a restriction on appointment as a result of the commission of an offense, a conviction or a decision of the administrative enforcement committee – as these restrictions are drafted on the date of execution of this declaration, as set forth in Appendix A and constituting an integral part hereof, are satisfied in my case.
2. Pursuant to the provisions of the Law, I am considered to have a "personal interest" as defined in the Law, in transactions between the Company and myself and between the Company and any of my relatives and between the Company and corporations and entities in which I or any of my relatives are stakeholders (hereinafter, the "**Corporations**").
3. My activities within the scope of my office as an office holder of the Company, as long as they are carried out in good faith, as long as they are not connected to me or my relatives or the Corporations personally, are not considered to be acts amounting to a conflict of interest or competition with the business of the Company or usurpation of a business opportunity of the Company with the object of obtaining a benefit for myself or any other person (hereinafter, "**Breach of Trust**") and do not harm the best interest of the Company, just because me or my relatives are stakeholders in the Corporations.
4. Where I to believe, according to my best knowledge, that an activity within the scope of my office as office holder of the Company is connected to me or my relatives or the Corporations personally, and also were the Company to enter into an exceptional transaction and/or an ordinary transaction connected to me or my relatives or the Corporations personally and it came to my knowledge – I shall notify the audit committee and/or the board of directors, as the case may be, of my personal interest, if the activity and/or transaction is presented for their approval, or to an entity and/or forum reaching a decision with respect to the act or approving the transaction, if the activity and/or transaction is not presented for the approval of the board of directors at the beginning of the deliberation on the activity and/or the transaction and I shall not be present at the meeting at the time of the deliberation on the activity and/or the transaction; however, I may be entitled to participate at the beginning of the meeting for the purpose of passing on information only.

5. I hereby confirm that the entire particulars required under Regulation 26 of the Securities Regulations (Periodic and Immediate Reports), 5730-1970 and that are stated in Part D of the Periodic Report of the Company for the year 2021 and that also include my relevant skills, education and experience for my tenure as a director in the Company are true and full.
6. Likewise, I undertake that if any of the conditions required under the Law for my office as director of the Company cease to exist in my case, or if a ground for the expiration of my office as director of the Company exists in my case, I shall notify the Company thereof immediately and my office shall expire from the date of notification as stated in Section 227A of the Law (as set forth in Appendix A). I know that pursuant to Section 234 of the Law, a breach of such duty of notification shall be deemed a Breach of Trust on my part to the Company.
7. After having closely read and understood all that stated above, I declare that all that stated above is the truth and that I am fully aware of all my obligations and rights under the Law and Regulations.

Bareket Shani
Name

April 10, 2022
Date

(-)
Signature

Appendix A

Articles 225-227A of the Companies Law, 5759-1999

Duty of Disclosure

225. (a) A person who is a candidate to hold office as a director shall disclose to the person appointing him:

(1) whether he has been convicted by a conclusive judgment of an offense referred to in section 226(a) and not yet passed the period in which he should not serve as a director under section 226;

(2) whether he has been convicted by a conclusive judgment of an offense referred to in section 226(a1) and not yet passed the period set by the court under that subsection;

(3) whether the Administrative Enforcement Committee imposed on him enforcement measure which prohibits him to serve as a director in any public company or any private company which is a debenture company, and not yet passed the period set by the Administrative Enforcement Committee.

(b) In this mark:

"enforcement measure" – as stated in section 52NF to the Securities Law which imposed under chapter H4 to the Securities Law, under chapter G2 to the Investment Advice and Investment Portfolio Management Law, 1995, or under chapter J1 to the Joint Investment Trust Law, 1994, as applicable;

"Administrative Enforcement Committee" - the committee appointed under section 52LB(a) to the Securities Law;

"Conclusive judgment" – judgment of a court of the first instance

Restriction on Appointment Due to Conviction

226. (a) A person convicted by a conclusive judgment of one of the following offenses shall not hold office as a Director in a public company or a private company which is a debenture company unless five years have passed from the date on which the judgment by which he was convicted was given:

(1) Offenses under sections 290 to 297, 392, 415, 418 to 420 and 422 to 428 of the Penal Law, 5737-1977, and under sections 52C, 52D, 53(a) and 54 of the Securities Law;

(2) A conviction by a court outside Israel for offenses of bribery, deceit, offenses by managers of a corporate body or offenses involving misuse of inside information;

(3) (deleted)

(a1) A person convicted by a conclusive judgment, as it is defined in section 225(b), in an offense that was not mentioned in subsection (a), if the court determined that due to its nature, severity or circumstances he is not fit to serve as a director of public company or a private company which is a debenture company for the period that the court determined which shall not exceed five years from the judgment.

(b) The court may determine, at the date of the conviction or thereafter, on the application of a person interested in being appointed as a director, that despite his conviction of offenses as laid down in subsections (a), and taking into account, inter alia, the circumstances in which the offense took place, such person is not precluded from holding office as director of a public company or a private

company which is a debenture company , or the period in which he is precluded from holding office as director of public company or a private company which is a Debenture Company will be shorter than five years.

(c) The Minister may prescribe additional offenses to those laid down in subsection (a)(1).

(d) The court, or a court of appeal – if one was submitted, may order a stay of execution regarding the limitations of the appointment or termination of office under this section at the date and on such terms as it deems fit.

**Restriction on
Appointment
Due to
Administrative
Enforcement
Committee
decision**

226A. If the Administrative Enforcement Committee has imposed an enforcement measure on a person, which precludes him from holding office as director of a public company or a private company which is a debenture company, such person shall not be appointed as a director of a company in which he is prohibited to serve as a director according to this measure;

**Limitation of
Appointment**

227. (a) A minor, a legally incompetent person, a person who has been declared bankrupt as long as such person remains undischarged, shall not be appointed as director, nor shall a corporation that has resolved to enter into voluntary liquidation or in respect of which a winding up order has been issued.

(b) A person nominated to hold office as director to whom the provisions of subsection (A) apply shall disclose such to the entity appointing him.

**Duty of
Notice**

227A. A director that no longer fulfils one of the requirements for office as a director under this Law or there is ground for expiration of his office as a director shall notify the company immediately, and his office shall expire on the date of the notice.

APPENDIX G

DECLARATION OF CANDIDATE TO SERVE AS AN EXTERNAL DIRECTOR OF THE COMPANY – MS. RIVKA GRANOT

To
Unitronics (1989) (R”G) Ltd. (the “Company”)

Dear Sir/Madame,

Statement of a candidate for the office of external director

Pursuant to the provisions of the Companies Law 5759-1999 (the “**Companies Law**”)

I, the undersigned, Rivka Granot, ID. No. 022652457, hereby agrees to serve as an external director with professional competence/accounting and financial expertise in the Company, and, having been warned to tell the truth or else I shall be subjected to penal action as set forth by law, hereby declare the following:

1. I submit this statement pursuant to the provisions of section 224B, 240 and 241 of the Companies Law.
2. I am an Israeli resident and, to the best of my knowledge and understanding, I am of the opinion that I am eligible to serve as a director in the Company.
3. I am aware that the Company intends to list its shares for trading in the Tel Aviv Stock Exchange Ltd. or offer to the public its shares in a prospectus, within the meaning of this term in the Securities Law 5728-1968 (the “**Securities Law**”) and that I am obligated to submit this statement so that it will be possible to appoint me as an external director in the Company.
4. I possess the skills that are required and the ability to dedicate the necessary time for the purpose of filling the office of a director in the Company while taking into consideration, *inter alia*, the special requirements of the Company and its size.
5. I hereby confirm that the entire particulars required under Regulation 26 of the Securities Regulations (Periodic and Immediate Reports), 5730-1970, as stated in Part D of the Periodic Report of the Company for the year 2021, and that also include my skills, education and relevant experience for my tenure as a director in the Company are true and full.
6. In the five years that preceded the date of submitting this statement:
 - 6.1. I was not convicted in a peremptory of any of the offenses pursuant to sections 290 to 297, 392, 415, 418 to 420 and 422 to 428 of the Penal Law

5737-1977, and pursuant to sections 52C, 52D, 53(a) and 54 of the Securities Law;

- 6.2. I was not convicted in a judgment outside Israel in offenses of bribery, fraud, offenses by directors in a corporation or offenses related to the use of inside information; and
- 6.3. I was not convicted of another offense that is not as stated above, and in respect of which the court determined that as a result of its essence, severity or circumstances I am not eligible to serve as a director in a public or a private company, a bonds company for the period prescribed by the court as said.

“Bonds company” for the purpose of this matter – a company whose bonds are listed for trade in the stock exchange or that were offered to the public under a prospectus, within the meaning of this term in the Securities Law, or that were offered outside Israel according to a public offer document as required in accordance with the law outside Israel and that are held by the public.

7. The administrative enforcement committee that was appointed under section 52LB(a) of the Securities Law did not impose on me any means of enforcement that prohibits me from serving as a director in a public company or in a public company that is a bonds company.

“Means of enforcement” for the purpose of this matter – means of enforcement as stated in section 52NF of the Securities Law that was imposed pursuant to the provisions of chapter H’4 of the Securities Law, Chapter G’2 of the Regulation of Investment Advice, Investment Marketing and Investment Portfolio Management Law, 5755-1995 or Chapter J’1 of the Joint Investment Trust Law, 5754-1994, as the case may be.

8. I am not a minor, a legally incapacitated person and no order for the commencement proceedings against me was issued as long as I was not exempted, within the meaning of this term in the Insolvency and Rehabilitation Law 5778-2018.
9. I possess professional competence/accounting and financial expertise, within the meaning of this term in the Companies Regulations (Terms and Conditions for a Director with Accounting and Financial Expertise and a Director with Professional Competence) 5766-2005.
10. I am not a relative of the controlling shareholder and I, my relative, partner, employer, whoever I am subordinated to, whether directly or indirectly, or a corporation in which I am the controlling shareholder have no relation to the Company, the Controlling Shareholder in the Company or a relative of the controlling shareholder on the date of the appointment or any other corporation on

the date of my appointment as an external director in the Company or in the two years that preceded the date of the appointment.

For the purpose of this section;

“Relation” – the maintenance of industrial relations, the maintenance of business or professional relations ordinarily or by way of control, and term of office as an officer, except for the term of office of a director who was appointed for the purpose of serving as an external director in the Company that is about to offer its shares to the public for the first time.

“Another corporation” – a corporation in which the controlling shareholder, on the date of the appointment or in the two years that preceded the date of the appointment, is the Company or its controlling shareholder.

“Relative” – the spouse, sibling, parent, parent of a parent, offspring and the offspring, sibling or parent of the spouse or the spouse of any thereof.

11. Without prejudice to the aforesaid in section 10 above, I, my relative, partner, employer, whoever I am subordinated to, whether directly or indirectly, or a corporation in which I am a controlling shareholder therein have no business or professional connections to any party to whom such a relation is prohibited as stated in section 3 above, even if such connections are not maintained ordinarily, except for negligible connections, and I did not receive and do not receive consideration in contravention of the provisions of section 244(b) of the Companies Law.
12. My other positions and/or occupations do not give rise to and might not give rise to a conflict of interests with my position as an external director in the Company and do not affect my ability to act as an external director in the Company.
13. To the extent that I also serve as a director in another company (the **“Other Company”**) I hereby confirm that none of the directors in the Company serves as an external director in the Other Company.
14. I am not an employee of the Securities Authority or of a stock exchange in Israel.
15. To the best of my knowledge, there is no other limitation by law regarding my appointment and/or term of office as a director in the Company.
16. As an external director, I will not receive, in addition to the remuneration I am entitled to in respect of my term of office as an external director in the Company and reimbursement of expenses, and except for the undertaking of exemption and indemnity and/or insurance, to the extent that these are granted to me or if I am entitled to them – any consideration, whether directly or indirectly, on the grounds of my tenure as an external director in the Company.

17. I declare and warrant that to the extent that the information provided above changes and/or is no longer relevant with respect to my term of office as an external director in the Company, or in the event grounds justifying the termination of my term of office as an external director arise, I will notify the Company immediately about the same.
18. Having read carefully and having understood the entire content of this statement provided above, I declare that everything stated above is true and correct and that I am aware of my entire rights and obligations in accordance with the law.
19. I am aware that the Company relied on the information contained in this statement and that this statement will be reported by the Company, to the extent required and in accordance with the provisions set forth in any law.
20. I am aware that this statement will be kept in the registered office of the Company and may be reviewed by any person.

March 208, 2022

Date

Signature of Director

Appendix H

Information regarding the compensation paid for the year 2021 pursuant to the Sixth Schedule of the Securities Regulations (Periodic and Immediate Reports), 5730-1970

Information regarding the compensation recipient				Compensation for services (in ILS thousand and in terms of cost for the Company)							Other compensation			
Name	Title	Scope of position	Rate of holding in the corporation capital	Salary	Bonus	Share-based payment	Management fees	Consulting fees	Commission	Other	Interest	Rent	Other	Total
Haim Shani	Incumbent Chairman of the Board	30%	21.85%	1,329	1,191 ⁽¹⁾	-	-	-	-	-	-	-	-	2,520
Amit Ben Zvi	Incumbent Co-Chairman of the Board	-	-	731	655	-	-	-	-	-	-	-	-	1,386

(1) Starting from 2005 Mr. Shani is entitled to an annual bonus for each calendric year, and as long as he is employed as a senior officer in the Company, at a rate of 7.5% of the profit before tax in that year (cost for the Company), however in an amount that will not exceed ILS 1,140 thousand linked to the consumer price index known on the date of determining the bonus (base index; the index known on May 9, 2016). The calculation of the bonus is made for each year separately (and not cumulatively).

There is a lease agreement between the Company and a company controlled by Mr. Haim Shani and Ms. Bareket Shani, for further information see in section 4.8.3 in Chapter D (Additional information regarding the corporation) of the periodic report for 2021.

APPENDIX I

Unitronics (1989) (R"G) Ltd. (hereinafter – "the Company")

Officers Compensation Policy 20192022

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1. Purposes of Compensation Policy Document

This document, dealing with the Compensation Policy for officers of the Company, in accordance with the Companies Law ("**Compensation Policy**"), sets out the Company's policy with respect to the terms of service and employment of its officers, including the compensation amount, the compensation components, the compensation determination method, the distinction made between the compensation of the chief officers and/or a controlling-shareholder officer or his relative and the Company's other officers, etc.

2. Definitions

The terms contained in this Compensation Policy Document will have the meaning given them in the Companies Law and in the regulations made pursuant thereto, unless and to the extent that they are explicitly defined otherwise in this document, including the following terms:

" Approving Entity " – The entity or entities designated from time to time in the Companies Law as authorized to approve the terms of service and employment of any officers, as the case may be, based on the substance of the specific conditions and the identity of the specific officer.
" Company " – Unitronics (1989) (R"G) Ltd.
" Board of Directors " – The Board of Directors of the Company.
" Compensation Committee " – The Audit and Compensation Committee sitting as the Compensation Committee of the Company, and if there is no such combined committee, then the Compensation Committee of the Company alone.
" Chairman of the Board " – The active and/or joint active and/or other and/or additional Chairman of the Board of Directors of the Company.
" Active Chairman of the Board " – Mr. Haim Shani or anyone appointed in his place.
" Joint Active Chairman of the Board " – Mr. Amit Zvi or anyone appointed in his place.
" CEO " – The Chief Executive Officer of the Company.
" Chief Officer " – one or more persons who fill the position of CEO or Chairman of the Board.
" Companies Law " – The Companies Law, 5759-1999, and the regulations made pursuant thereto, as amended from time to time, including also directives as issued from time to time by the Israel Securities Authority and any other authority that is competent under any law to determine the manner of interpretation and/or implementation of the provisions of laws and regulations.

"salary" or "basic salary" or "compensation" – The fixed component in an officer's terms of service and employment, comprising the basic salary or the compensation (gross) set in the employment or service agreement (as applicable) between the Company and the officer, but excluding any bonus and/or grant and/or equity-based compensation and/or other variable components, and excluding insurance, indemnification and exemption, all in accordance with the provisions of the Compensation Policy.

"fringe benefits" – An officer's terms of service and employment (excluding salary or compensation, as applicable, and bonus) which are regulated by law and/or in the employment agreement between him and the Company, including: (1) conditions defined in the law, such as National Insurance contributions, health tax, pension savings, vacation days, sickness days, prior notice, convalescence pay, etc.; and (2) generally accepted conditions in Israel, such as a company car, reimbursement of travel expenses, mobile phone and/or laptop computer, subsistence expenses, reimbursement of expenses, study fund and any other benefit approved by the Approving Entities, granted in connection with the officer's service at the Company and not included in another definition above or below, all in accordance with the provisions of any specific employment agreement signed between the Company and the officer, and all in accordance with the Compensation Policy. It should be emphasized that the aforesaid does not constitute an undertaking to provide all or part of the fringe benefits to any of the officers, and this is a general and partial list, which will be examined on a case-by-case basis for each officer separately, taking into account the remuneration basket of that office holder, his position, his seniority, etc. Some of the fringe benefits may be grossed-up by the Company for tax purposes.

"bonus" and/or "grant" and/or "variable compensation" – The variable component in an officer's terms of service and employment, including one-time components and/or components derived from defined (qualitative and/or quantitative) criteria that are conditional on compliance therewith based on the parameters defined therein, such as actual performance of the officer and/or the Company, period of employment, etc., all in accordance with the provisions of the Compensation Policy.

"Capital compensation" – a variable component of the compensation, consisting of capital components that include, inter alia, allocation of the Company's securities, such as options.

"option" – An undertaking that confers on the receiver thereof a right to buy or sell the underlying asset at the exercise price, or to receive the difference between the exercise price and the value of the underlying asset, all at the times and terms specified in the option.

"Zviran Survey" or "Zviran" – A salary and benefits survey, including a senior management survey, based on salary data collected in Israel's various sectors in a sample of 85 companies in the high-tech, technology, communications and industry sectors. The survey includes comprehensive and up-to-date information on terms of service and employment, including: salaries, fringe benefits, bonuses and benefits. The companies included in the sample are classified according to the following criteria: size (number of employees) and company status (Israeli company or a subsidiary of an international company). The survey shows a weighted average for each of these criteria separately, and for each component separately (fixed, variable and inclusive). This sample is published by Zviran Consulting and Surveys Ltd. and updated twice a year.

"Zviran Average" – Average value of an officer's compensation, calculated by the Company on the basis of Zviran data regarding matching companies to the Company in terms of values of the tested criteria, number of employees, and status – Israeli.

"Net profit" – Profit after tax in the Company's consolidated Profit or loss statement.

"Contractor's workers employed by the Company" – employees of manpower contractors whose actual employer is the Company, and employees of service contractors who are employed as service providers for the Company; For this purpose, "manpower contractor", "service contractor", "actual employer" – as defined in the Employment of Employees by Manpower Contractors Law, 5756-1996.

The Compensation Policy is written in the masculine gender for reasons of convenience only; its contents apply equally to women and men, without any difference or distinction.

3. Compensation Policy – general

- 3.1 The Company's Compensation Policy was first approved by the General Meeting of the Company's shareholders in December 2013 (following its approval by the Compensation Committee and by the Board of Directors), and it was revised in May 2016. In accordance with the provisions of the Companies Law, which require the compensation policy of a company to be approved every three years, in August 2016, ~~and again in~~ March 2019 [and again in March 2022](#), the Compensation Committee and the Board of Directors reviewed the Company's Compensation Policy and approved it in this version, and they also recommended to the General Meeting of the Company's shareholders to approve this Compensation Policy.
- 3.2 Starting from the date of re-approval of the Compensation Policy by the General Meeting, the terms of service and employment of Company officers will be determined and approved in accordance with the Compensation Policy and the provisions of the Companies Law, subject to the exceptions specified in the Companies Law.
- 3.3 Although, as stated, the Compensation Policy requires the approval of the General Meeting, nevertheless, should the General Meeting oppose the approval of the Compensation Policy, wholly or partly, the Board of Directors may determine the Compensation Policy without the approval of the General Meeting, provided the Compensation Committee and thereafter the Board of Directors have reviewed the Compensation Policy and decided, based on detailed reasons, that the approval of the Compensation Policy in spite of the opposition of the General Meeting is to the Company's benefit.
- 3.4 The Compensation Policy was formulated and revised in an orderly internal process, so as to realize, on the one hand, the Company's wish to compensate its officers for their success in achieving the Company's objectives, retain them over the long term and increase their sense of identification by creating a common interest, while ensuring, on the other hand, that the compensation according to the policy benefits the Company and its shareholders and accords with the Company's organization-wide strategy. To ensure that the foregoing is fulfilled, the Board of Directors established guiding principles for the implementation of the Compensation Policy through various mechanisms and tools, all as set out hereinafter in this document.
- 3.5 The Compensation Policy is an advanced tool, based on targets and measures derived, *inter alia*, from the Company's annual and multiannual work plans.

- 3.6 The Company will act in accordance with any present or future statutory provision relating to its Compensation Policy and/or to the terms of service and employment of its officers.
- 3.7 Deviations from the Compensation Policy, if and to the extent they are necessary, may be made according to the mechanisms established in the Companies Law. If an officer is granted terms of service and employment that are inferior to those set out in this Compensation Policy, this will not be considered a deviation or divergence from the Company's Compensation Policy, and such terms of service and employment will not require approval for that reason, apart from the approval of the Approving Entity, to the extent that such approval is required for terms of service and employment in deviation from a Compensation Policy.
- 3.8 Updates to the Compensation Policy will be examined, discussed and approved by the Approving Entities in accordance with the provisions of the Companies Law. In addition to the areas of responsibility of the Approving Entities in connection with the Compensation Policy, as set out below, maintaining the currency of the Compensation Policy is also the responsibility of the Company's Vice President of Human Resources.
- 3.9 It is clarified that this document does not in and of itself confer any right on officers and/or any other third party, explicitly or implicitly, and it may not be used in the interpretation of agreements or other legal documents, even if they deal with the terms of service and employment of officers.

4. Compensation Policy formulation, revision and approval process

The following are the entities that participate in the formulation, revision and approval of the Compensation Policy:

- 4.1 **Compensation Committee**: The Compensation Committee gives the Board of Directors its recommendation regarding the approval of the officers' Compensation Policy. The functions and powers of the Compensation Committee are set out in the Companies Law and hereinafter in this document.
- 4.2 **Board of Directors**: The Board of Directors approves the Compensation Policy and considers from time to time the need to update it. Details of the functions and responsibilities of the Board of Directors in connection with the Compensation Policy, in addition to those established in the Companies Law, are set out in Section 6 below.
- 4.3 **General Meeting**: Approves the Compensation Policy in accordance with the provisions of the Companies Law, subject to the qualifications as set in the Companies Law.
- 4.4 **General**: Any other, different or additional entity defined from time to time in the Companies Law as an Approving Entity. In addition, the Board of Directors and/or the Compensation Committee will turn to external advisers, as they see fit, for assistance in the formulation/revision of the Compensation Policy as well as with respect to oversight and control over its actual implementation.

5. Purposes of Compensation Policy

The purpose of the Compensation Policy is to help the Company advance its goals, work plans and policies in the long term, while striving to achieve the following objectives:

- 5.1 Recruitment and retention of quality personnel, in order to help the Company achieve its objectives.
- 5.2 Enhancing the motivation of Company officers, by creating a correlation between their personal success and the Company's success in achieving its objectives.
- 5.3 Improving the balance between the fixed and variable compensation components, as well as between the long-term and the short-term compensation components.
- 5.4 Setting benchmark ranges for the terms of service and employment of Company officers, both in comparison with standard terms of service and employment in the market and in comparison with the average salary of the Company's other employees.
- 5.5 Increasing the involvement of the Company's shareholders in determining the terms of service and employment of Company officers.

6. Oversight and Control of Officers' Compensation

- 6.1 The Board of Directors is in charge of the management and implementation of the Compensation Policy as well as all the activities required for this purpose, including the authority to interpret the provisions of the Compensation Policy, as necessary, also but not only in case of a doubt regarding the manner of its implementation. Without derogating from the above, the Approving Entities will examine the degree of compliance with the criteria (benchmarks) set in the Compensation Policy, prior to the approval of terms of service and employment for a Company officer, taking into account the data presented to them by the Company's management.
- 6.2 The Board of Directors will discuss and decide on the manner of supervision of the proper implementation of the Compensation Policy, in order to ascertain that the officers' terms of service and employment accord with the Compensation Policy, while maintaining consistency between the Compensation Policy and the Company's annual and multiannual work plans and its budget. Among other things, the Board of Directors will establish rules for control, reporting and correction of deviations, if any, from the Compensation Policy.
- 6.3 The Board of Directors will review the Compensation Policy periodically, and at least once a year shortly before the date of approval of the Company's financial statements, as detailed in Section 6.4 below, with respect to the officers' performance level and compliance with predetermined targets, with respect to the conformance of the terms of service and employment actually granted by the Company to the benchmarks and other criteria set in this Compensation Policy, and with respect to the Company's risk level, and it will update the Compensation Policy (should it consider this necessary) after receiving the Compensation Committee's recommendation and subject to the approval of the General Meeting, insofar as required by the Companies Law.
- 6.4 Shortly before the date of approval of the Company's annual financial statements, the Compensation Committee and the Board of Directors will discuss the implementation of the Compensation Policy in the relevant year and consider, *inter alia*, the measurements underlying the compensation targets pursuant to the policy, as presented by the Company's management.
- 6.5 As part of the process of approval by the Board of Directors of each annual and multiannual work plan of the Company, including their various components, the

Board of Directors will consider whether the Company's work plans and budget are consistent with its existing Compensation Policy.

7. Board of Directors' guiding principles for implementing the Compensation Policy

The Board of Directors' guiding principles for implementing the Compensation Policy are intended to ensure a proper balance between the wish to incentivize and retain officers in the Company and the requirement that the Compensation Policy benefit the Company and its shareholders and accord with the Company's work plans and its organization-wide strategy.

In accordance with the Board of Directors' resolution, the Compensation Policy will not be implemented in a manner liable to create incentives for taking risks that deviate from the Company's risk policy, as determined from time to time by the competent organs.

Therefore, whenever the Company's management and the Approving Entities engage in implementing the Compensation Policy, their decisions will be guided, *inter alia*, by the following considerations:

- 7.1 Conformance between the Compensation Policy and the Company's financial position and long-term goals – The Compensation Policy includes budget limitations as well as personal caps for officers, to which the Approving Entities must strictly adhere when considering and approving an officer's terms of service and employment. Any deviation from any or all of the provisions of the Compensation Policy is subject to the conditions set forth in Section 7.7 below.
- 7.2 Conformance between the Compensation Policy and compliance with targets – Implementation of the Compensation Policy must reflect the officer's contribution, within the organizational unit in which he operates, to the Company's operations and results. The compensation targets included in the Compensation Policy are classified at two levels within the Company: (a) quantitative targets connected with the organizational unit in which the officer is employed at the Company and/or with the Company as a whole; (b) qualitative targets connected with the officer himself and his functioning.
- 7.3 Connection between an officer's compensation and the Company's business results – The terms of service and employment of Company officers will be affected, among other factors, by the Company's business results and by each officer's contribution to the achievement of those results. The higher up an officer is in the managerial hierarchy, the greater the impact the Company's business results and his personal contribution to the achievement of those results will have on the amount of his compensation. Accordingly, the higher an officer's ranking in the managerial hierarchy, the greater the weight of the variable compensation components (to the extent there are any such in the officer's terms of service and employment) will be within the terms of service and employment of that officer.
- 7.4 Quantitative criteria – The Compensation Policy establishes quantitative criteria for examining an officer's performance in terms of compliance with different performance levels. These criteria must be reflected within the framework of the implementation of the Compensation Policy.
- 7.5 Qualitative criteria – The Compensation Policy establishes, in addition to financial criteria, qualitative criteria for examining an officer's performance also with respect to non-financial criteria. These criteria as well must be reflected within the

framework of the implementation of the Compensation Policy. Such qualitative criteria will be applied, *inter alia*, on the basis of recommendations by a chief officer to the appropriate organs of the Company to approve, subject to any law: (a) the grant of bonuses classified as short-term variable compensation plans within the framework of the qualitative components ("**Chief Officer's evaluation**"); and (b) the grant of a special bonus, all the above as detailed in Sections 16-17 below. It is clarified that a chief officer will not evaluate his own performance for the purpose of implementing the qualitative criteria as stated, and his performance will be evaluated by another chief officer, the Board of Directors, or whoever will be authorized by him from time to time.

- 7.6 Balancing between the quantitative criteria and the qualitative criteria – In implementing the Compensation Policy, the Company must strive to achieve an appropriate balance between the variable components and the fixed components of the officers' terms of service and employment, giving the appropriate relative weight to the quantitative criteria, on the one hand, and the qualitative criteria, on the other.
- 7.7 Components designed to allow managerial flexibility in response to exceptional circumstances – The Compensation Policy includes definitions that allow the Approving Entities managerial flexibility when acting within the framework of the policy, as well as the possibility of deviating from any or all of the provisions of the policy, in "special cases,"¹ based on considerations of the Company's good, in accordance with the provisions of the Companies Law. Where approval is given for compensation not in accordance with the Compensation Policy, the Approving Entities will nevertheless examine all the considerations and criteria set out in this document and those obligated by the Companies Law.

8. Effect of the Company's size and the nature of its activity on officers' compensation

In formulating and revising the Compensation Policy, the Compensation Committee and the Board of Directors considered, among other things, the effect of the Company's size as well as the areas in which it operates and the scope of its operations on the Compensation Policy, relative to the Zviran Survey – a salary survey referring to the senior management in Israel's various sectors, in which the Company also participates (in the technology sector). A comparison between the compensation components at the Company and the compensation components, according to the Zviran Survey, at companies which are similar to the Company in terms of size and status (Israeli company) (the comparison is based on the Zviran Survey, as discussed in Section 11.6 below), the compensation components detailed in this Compensation Policy Document for officers of the Company are appropriate, fair and reasonable. A similar ad-hoc examination will be performed for the terms of service and employment actually granted to each Company officer, prior to signing an agreement with him and from time to time at intervals to be determined.

In addition, if and to the extent that the scope of operations of the Company and/or its areas of operation change significantly, the Compensation Committee and the Board of Directors will examine the effect of such change on the terms, criteria and benchmarks set in this Compensation Policy Document, and, if necessary, will act to have it updated in accordance with the provisions of the Companies Law.

¹Special cases can include exceptional qualifications of the officer, retention of an especially high-quality officer by the Company, exceptional achievements of an officer, and any other special circumstances determined by the Approving Entities to constitute a special case in this regard, based on reasons that will be set out in every such decision.

9. Ratio between officers' compensation and compensation of the Company's other employees

The Company sees great importance in maintaining reasonable and fair differences between the compensation paid to Company officers and the compensation paid to non-officer employees.

The Compensation Committee and the Board of Directors examined the ratio between the existing terms of service and employment of officers and the existing average and median salary of the Company's other employees, as well as the ratio between the existing terms of service and employment of officers and the average and median current cost of employment of the Company's other employees. Based on this examination and considering the Company's nature, size and areas of operation, they found that this ratio is fair and reasonable and has no significantly adverse effect on labor relations at the Company. A similar ad-hoc examination will be performed for the terms of service and employment actually granted to each Company officer, prior to signing an agreement with him and from time to time at intervals to be determined.

In addition, for the purpose of maintaining such a fair and reasonable ratio, the Compensation Committee and the Board of Directors will examine from time to time, and at least once a year, the changes in this ratio. If it is found that the ratio is not fair and reasonable, *inter alia* considering the existing ratio at other public companies traded on the Tel Aviv Stock Exchange which are similar to the Company in terms of size, scope of operations and areas of operation, the Compensation Committee and the Board of Directors will consider how and by what means this ratio can again be made fair and reasonable, all in accordance with the provisions of any law.

The ratio between cost of the terms of service and employment of officers and other employees of the Company

In granting the compensation to the officers, the gap between the terms of office and employment of the officers and the average annual salary and the median annual salary in the Company, including contractor's workers employed by the Company, will be taken into account, as well as the expected effect of this gap on all labor relations.

As of the date of approval of this policy, the maximum ratio between the terms of office and employment of the officers and the median and average salary of the rest of the Company's employees and the contractor's workers employed by the Company is as follows:

Rank	Average ratio	Median ratio
CEO	8.53 <u>5.5</u>	9.60 <u>6.8</u>
Officers subordinate to CEO	3.92 <u>3.4</u>	4.35 <u>4.3</u>

* In the calculation of the above ratios, compensation data for the officers and employees ~~of the subsidiary Automatic Solutions (without subsidiaries in the US)~~ were not taken into account in the subsidiaries in the United States and in Germany.

10. Officer compensation components – general

10.1 The main components included (wholly or partly) in the terms of service and employment of Company officers are as follows:

- Fixed basic salary – The basic salary reflects, on the one hand, the requirements of the officer's position and his responsibilities, and, on the other hand, his qualifications, education and professional experience.
- Fringe benefits – Some of the fringe benefits are obligated by law and some are voluntary and granted in accordance with accepted practice in the labor market for officers of a similar level of seniority, with the aim of increasing the officer's motivation and to reflect the requirements and responsibilities of the position as well as the officer's qualifications, education and professional experience. The fringe benefit components are detailed in the definitions in Section 2 of this document, and the details of the terms granted in connection with each component are detailed hereinafter in this document.
- Bonus and/or grant – This variable component is derived from defined (qualitative and/or quantitative) criteria, and varies according to the changes defined in them, such as actual performance of the officer and/or the Company, period of employment, etc. Its purpose is to compensate the officer for his efforts, achievements and contribution to the achievement of the Company's objectives, in direct proportion to his success in meeting the targets defined for him.
- Equity-based compensation – As set out in Section 23 below.

10.2 Whenever the Approving Entities are required to discuss and approve the terms of service and employment of a Company officer, all the proposed terms of service and employment for the officer will be presented to them, particularly those detailed in Sections 11-21 below, together with a comparison of each of them to the relevant benchmark. In the discussion, the Approving Entities will take into account all the terms and conditions, provisions, criteria and benchmarks detailed in this Compensation Policy Document, referring also to the updated Zviran measure as of then, including compliance with salary ranges, fringe benefits and variable components of the terms of service and employment, the ratio between the officer's terms of service and employment and those of the Company's other employees, the officer's education, qualifications, expertise, achievements, position and responsibilities, etc.

10.3 Any payment of a bonus or grant made, if at all, to a Company officer in accordance with the Compensation Policy, is not and shall not be deemed in any respect a part of the officer's fixed basic salary, it will not be taken into the account of the entitlement to and/or the calculation and/or accrual of any fringe benefit. Accordingly, without derogating from the generality of the foregoing, it will not serve as a component in the calculation of entitlement to vacation pay, severance pay (insofar as the officer is entitled thereto), contributions to provident and/or pension funds, etc. unless and to the extent that the governing labor laws obligate otherwise.

10.4 Ratio between officer compensation components

The desirable ratios between the variable and equity compensation components and fixed component of the Company officers for a given year is shown in the following table:

Ranking	Fixed compensation including fringe benefits	Variable compensation		Equity-based compensation
		Qualitative component	Measurable component	

Chairman of the Board ²	100%*	_*	_*	-
CEO	100%	100%	400%	50%
VP and/or another officer	100%	75%	300%	50%
Directors	100%	-	-	-

* The compensation of a Joint Active Chairman of the Board does not include a variable component and is up to 55% of the cost of the Active Chairman of the Board's salary (see details in Section 24.3 below); the Active Chairman of the Board's salary includes a variable component (see details in Section 18 below).

10.5 Current Company officer compensation components compared to average data according to Zviran

The ratio between the scope of remuneration of Company officers in 2018-2021 and the compensation components for officers in corresponding positions in similar companies according to the criteria of size- sector and status (Israeli company) according to the Zviran data for September- November 2018-2021, was calculated in the following manner:

% fixed salary to Zviran average (*) = $\frac{\text{Officer's fixed salary paid by the Company}}{\text{Zviran Average of fixed salary}}$

% variable compensation to Zviran average = $\frac{\text{Officer's variable compensation paid by the Company}}{\text{Zviran Average of variable compensation}}$

% total compensation to Zviran average = $\frac{\text{Officer's total compensation paid by the Company}}{\text{Zviran Average of total compensation}}$

The ratio (in percentage) between the salary of the Company's officers for 2018-2021 and Zviran averages for various components to corresponding positions in similar companies, based on a Zviran survey for September- November 2018-2021, is presented in the table below, the table also lists the Zviran average values of September- November 2018-2021 to equivalent positions in similar companies:

<u>Component</u>	<u>Total compensation (fixed + variable)</u>	
	<u>Ratio (in %)</u>	<u>Monthly Zviran average (ILS thousand)</u>
<u>Officer</u>		
<u>CEO</u>	97%	94
<u>Officer reporting to the CEO (maximum)</u>	75%	76

² The terms of office and service of the Joint Active Chairman of the Board do not include any fringe benefits, apart from reimbursement of expenses under Section 13.4 below, except for insurance, indemnification and exemption as stated in Section 25 below.

<u>Component</u>	<u>Fixed salary/compensation</u>		<u>Variable compensation</u>		<u>Total compensation</u>	
	<u>Ratio (in %)</u>	<u>ZVIRAN average (monthly) (ILS thousand)</u>	<u>Ratio (in %)</u>	<u>ZVIRAN average (monthly) (ILS thousand)</u>	<u>Ratio (in %)</u>	<u>ZVIRAN average (monthly) (ILS thousand)</u>
<u>Co-Chairman of the Board (**)</u>	<u>72%</u>	<u>68</u>	<u>85%</u>	<u>56.65</u>	<u>78%</u>	<u>125</u>
<u>Chief officer, except for Co-Chairman of the Board</u>	<u>72%</u>	<u>124</u>	<u>85%</u>	<u>103</u>	<u>78%</u>	<u>227</u>
<u>Officer reporting to the CEO (maximum)</u>	<u>78%</u>	<u>72</u>	<u>67%</u>	<u>36</u>	<u>74%</u>	<u>108</u>

~~(*) — May not exceed the limit set in Sections 11.5 and 12.5 for an officer who is not a Chief Officer and for an officer who is not the Company's employee, respectively, in Section 14.6 for an officer in the position of Chief Officer and/or a controlling shareholder officer and/or his relative, and in Section 24.3 for the Joint Active Chairman of the Board.~~

~~(**) — Since the office of Chairman of the Board is not defined in the Zviran index, and since under Section 24.3 below the Chairman Joint Active of the Board is entitled to annual compensation at a rate of up to 55% of the total annual cost of employment of the Company's Joint Active Chairman of the Board, with the addition of VAT if applicable, the compensation of this officer was compared to compensation amounting to 55% of the cost of a CEO's position according to the Zviran index.~~

11. Fixed compensation – salary of an employee officer (excluding the Company's Chief Officer and/or a controlling-shareholder officer or his relative and/or a Director

In determining the basic salary for an officer, the following factors will be taken into account:

- 11.1 The officer's education, qualifications, expertise, professional experience and achievements.
- 11.2 The officer's position and responsibilities, and prior salary agreements signed with him (if at all).
- 11.3 The ratio between an officer's terms of service and employment and the salary of the Company's other employees as well as the employees of subcontractors employed at the Company, particularly the ratio to the average salary and the median salary of

such employees and the effect of the differences between them on labor relations at the Company (collectively in this section – the "data"). For the purpose of determining an officer's salary (whether with reference to new employment terms or an adjustment of existing employment terms), the data will be submitted to the approval of the Approving Entity, including for consideration, if necessary, of their reasonableness relative to the industry, relative to the officer's qualifications and relative to the challenges and difficulties involved in the position.

11.4 The officer's basic salary and the fringe benefits will be determined during the negotiations prior to hiring him for the position at the Company, which will be conducted by a Chief Officer or whoever is authorized by him from time to time. Any change in an officer's terms of service and employment is subject in any case to the approval of the Approving Entity relevant to the nature of the change and the identity of the officer.

11.5 Market (benchmark) comparison – Fixed salary of an employee officer (excluding a Chief Officer and/or a controlling-shareholder officer or his relative and/or a director)

In addition to any examination that must be carried out by the Approving Entity prior to approving an officer's terms of service and employment, and in addition to any consideration that should be taken into account by that entity, as detailed in this Compensation Policy Document and/or in the Companies Law, the ratio between the fixed basic salary of Company officers and the standard salary in the market will be maintained, as follows:

Market (benchmark) comparison–To determine a salary range for Company officers that conforms to the market standard and market terms, a comparison will be made between the fixed salary proposed for the officer and the Zviran Average of the salary for corresponding positions, , at companies with similar characteristics as detailed above.

For the purpose of implementing the comparison, as detailed above, the salary of a Company officer will be determined such that it does not exceed by more than 40% the updated Zviran Average of the salary at the time ~~(the fixed salary cap prescribed in this section for an officer, calculated according to the Zviran Average for September 2018, is in the range of NIS 60 to 98 thousand per month according to the position)~~, for a corresponding position in similar companies, based on criteria of size and status (Israeli company).

12. Fixed compensation – compensation of a non-employee officer

In determining the basic compensation of a non-employee officer, the following factors will be taken into account:

- 12.1 The officer's education, qualifications, expertise, professional experience and achievements.
- 12.2 The officer's position and responsibilities, and prior salary agreements signed with him (if at all).
- 12.3 The ratio between the terms of service and employment of a non-employee officer and the salary of the Company's employees and service providers, particularly the ratio to the average salary and the median salary of such employees and service providers and the effect of the differences between them on labor relations at the Company (collectively in this section – the "data"). For the purpose of determining

the consideration for the officer, the data will be submitted to the approval of the Approving Entity, including consideration, if necessary, of their reasonableness relative to the industry, relative to the officer's qualifications and relative to the challenges and difficulties involved in the position.

12.4 The consideration for the officer will be determined during the negotiations prior to contracting as a service provider to the Company, which will be conducted by a Chief Officer or whoever is authorized by him from time to time. Any change in an officer's terms of service, and any change in the agreement, is subject in any case to the approval of the Approving Entity relevant to the nature of the change and the identity of the officer.

12.5 Market (benchmark) comparison – Fixed compensation of a non-employee officer (excluding a Chief Officer and/or a controlling-shareholder officer or his relative and/or a director)

In addition to any examination that must be carried out by the Approving Entity prior to approving an officer's terms of service and employment, and in addition to any consideration that should be taken into account by that entity, as detailed in this Compensation Policy Document and/or in the Companies Law, the ratio between the consideration for a non-employee officer and the standard salary in the market will be maintained, as follows:

Market (benchmark) comparison – To determine a compensation range for non-employee officers that conforms to the market standard and conditions, a comparison will be made between the fixed salary or compensation proposed for the officer and the Zviran Average (in cost terms) of a salary for corresponding positions, in companies with similar characteristics as detailed above.

For the purpose of implementing the comparison, as detailed above, the salary or compensation of a Company officer will be determined such that it does not exceed by more than 40% the updated Zviran Average of the salary as of then ~~(the fixed salary cap prescribed in this section for an officer, calculated according to the Zviran Average for September 2018, is in the range of NIS 60 to 98 thousand per month according to the position)~~, for a corresponding position in similar companies, based on criteria of size and status (Israeli company), with the addition of the costs of employer's tax and social benefits as customary for employee officers.

An officer must undertake to transfer or to cause to be transferred to the appropriate authorities income tax payments, National Insurance contributions and any other tax and/or payment due in respect of the payments made to him by the Company.

An officer must undertake to the Company that if the court and/or another competent body determines that employer-employee relations existed between the officer and the Company, the Company's payments to the officer will be deemed to include all the payments to which the Company will be liable in respect of employer-employee relations.

An officer and the body employing him must indemnify the Company for any damage and/or costs incurred to the Company pursuant to a finding that employer-employee relations existed between the officer and the Company.

12.6 At the time of the signature of the contract with him, a non-employee officer, like the Company's other employees, must give an undertaking on matters of confidentiality,

transfer of intellectual property rights and IT policies as detailed in Section 13.16 below.

13. Officers' fringe benefits (excluding a Chief Officer and/or a controlling-shareholder officer or his relative and/or a director)

In addition to any examination that must be carried out by the Approving Entity prior to the approval of an officer's terms of service and employment, and in addition to any consideration that must be taken into account by that entity, as detailed in this Compensation Policy Document and/or in the Companies Law, the Approving Entities must consider whether, and under what conditions, also to grant to officers all or any of the fringe benefits detailed in this section below or any other fringe benefits:

- 13.1 Prior notice – The prior notice period for an officer may not be less than the period required by law, and may not be more than six months, in the course of which the officer will undertake to actually continue providing services to the Company, unless the Company decides to release him from this obligation.
- 13.2 Severance grant – the approving entity for the purpose of this Section shall be the Chairman of the Board of Directors only, who may give severance grants to officers (except himself) (and in the case of a Chairman of the Board of Directors, with the approval of the Second Chairman of the Board of Directors, and if there is none, with the approval of the Board of Directors), in addition to the severance pay required by law, in an amount subject to the following limit:

<u>Employed up to 5 years at the Company</u>	<u>Employed 5 years or more at the Company</u>
6 months	12 months

Severance grants will be approved for an officer who has met all of the following conditions:

- He was employed by the Company for at least two years.
- During the period of his employment he made a significant contribution to promoting the Company's business.
- The officer is not leaving under circumstances that, in the Approving Entity's judgment, as defined in this Section, would justify withholding severance pay.
- A chief Officer (who is not the CEO and who is not the candidate for a severance grant) recommended the payment of a severance grant.
- The inclusion of a clause in the employment agreement that guarantees the payment of a severance grant must be submitted to the approval of the Approving Entity, as defined in this Section, prior to the signature of the agreement. For the avoidance of doubt, such a clause may not guarantee a severance grant that deviates from the above provisions. The severance grant will be paid upon the termination of employer-employee relations and will be limited to an amount equal to the number of months specified in the above table multiplied by the fixed salary of an employee officer (or the total monthly consideration of a non-employee officer), without any additional components.
- The limit on the grant specified in the above table is the maximum limit that the Approving Entity, as defined in this Section, is authorized to approve.

- 13.3 Non-competition – Each Company officer must undertake, when signing an employment agreement with the Company, not to compete with the Company during a period of no less than six months and no more than 36 months, in the Company's standard wording from time to time.
- 13.4 Reimbursement of expenses –Company officers are entitled to reimbursement of reasonable expenses actually incurred by them in the performance of their duties, both in and outside Israel, against the presentation of invoices and/or receipts to the Company in respect of those expenses, subject to limitations and in accordance with procedures as determined by the Company from time to time. Once a year the Board of Directors or whoever is appointed by it will examine the reasonableness of the costs borne by the Company pursuant to this subsection.
- 13.5 Annual vacation – Employee officers are entitled to annual vacation ranging from the minimum number of days specified in the law to a maximum of 25 days a year. The number of vacation days that may be accumulated will be no less than specified in the labor laws and no more than 25 days. Unused vacation days beyond this limit will be written off, without payment of any consideration to the officer, unless and to the extent that the employment agreement between the officer and the Company specifies otherwise and/or the law requires otherwise.
- 13.6 Sick leave –Employee officers may be absent from work due to sickness for a number of days in a year being no less than the number specified in the Sick Pay Law, 5736-1976. specified in the Sick Pay Law, 5736-1976. The Company may make the payment of sick pay conditional on the presentation of certificates in accordance with the provisions of any law.
- 13.7 Convalescence pay – Employee officers are entitled to convalescence pay as specified in the extension order concerning the payment of convalescence pay.
- 13.8 Pension savings– The Company will pay contributions to a pension provider (or several pension providers) or to a pension agent according to the written choice of each employee officer and in accordance with the provisions of any law governing the subject. The contributions will be on the officer's basic salary only, excluding any other compensation components.

The Company may condition payment of the contributions on the officer's agreement to deduct his share of the contributions from his salary.

The Company will insure employee officers for work disability, as part of their membership in a pension fund or as part of the insurance cover for officers insured under an executive insurance policy. The Company's contributions for work disability insurance will not exceed 2.5% of the salary of an employee officer.

Employee officers will be required to sign the wording of the Minister of Labor's general confirmation pursuant to Section 14 of the Severance Pay Law, 5723-1963 or any other or similar arrangement that may replace it, and the Company will pay the severance pay of employee officers into a pension fund or an executive insurance policy, according to the officers' choice with respect to contributions to pension insurance.

- 13.9 Study fund – The Company will contribute each month an amount equal to 7.5% of an employee officer's salary and deduct an additional 2.5% from his salary, and it will transfer these amounts to a study fund according to the officer's choice as notified by him in advance and in writing to the Company.

- 13.10 Car – The Company may place at the officers' disposal a car for use for their work, with all the car servicing and maintenance costs to be borne by the Company in accordance with its procedures. The Company will be entitled to gross up and pay the income tax due in respect of possession and use of the car.
- 13.11 Mobile phone and/or laptop computer – The Company will place at the officer's disposal a mobile phone and/or laptop computer for his personal use, according to the Company's choice. The officer will pay any tax that is due from him for the use of such phone and/or laptop.
- 13.12 Subsistence expenses – An officer is entitled to lunch at the Company's offices during work hours, and he will bear any tax payable on this benefit. The officer will be entitled to subsistence expenses also while traveling abroad on Company business, in accordance with the Company's procedures for all Company employees as in effect from time to time.
- 13.13 Continuing education programs and courses – The Company will bear the costs of continuing education programs and courses attended by its officers, according to its decision.
- 13.14 Overtime – Overtime will be paid in accordance with the law. Accordingly, some Company officers will be subject to the Hours of Work and Rest Law, 5711-1951, while others will not, since they are designated as "employees in management positions or in positions requiring a special degree of personal trust" as this term is defined in the Hours of Work and Rest Law, 5711-1951. Without derogating from the foregoing, the Company reserves the right to reach an agreement with an officer whose terms of employment are governed by the aforesaid law and who is required to do overtime, concerning the payment of a global monthly sum for overtime, instead of the payment of overtime on a daily or weekly basis.
- 13.15 Definition-dependent salary components – The Company may base a portion of the officer's salary on special components connected with the performance of specific tasks related to his area of responsibility, including payment based on shifts, on-call duty, etc.
- 13.16 Confidentiality, transfer of intellectual property rights, IT policies – When signing an employment agreement with the Company, each Company officer will commit to confidentiality, undertake to transfer to the Company all his rights in any developments and other intellectual property developed by him in the course of his employment by the Company, and agree to the Company's policies on the use of and access to the Company's IT systems, in the Company's standard wording from time to time.

14. Fixed compensation – salary of the Chief Officers and/or a controlling-shareholder officer or his relative (excluding Joint Active Chairman of the Board)

In determining the salary of a Chief Officer and/or a controlling-shareholder officer or his relative (excluding Joint Active Chairman of the Board), the following factors will be taken into account:

- 14.1 His education, qualifications, expertise, professional experience and achievements.
- 14.2 His responsibilities and prior salary agreements signed with him (if at all).

- 14.3 The ratio between the terms of service and employment of the Chief Officer who receives the highest compensation and/or the controlling-shareholder officer or his relative (excluding Joint Active Chairman of the Board) and the salary of the Company's other employees as well as the employees of subcontractors employed at the Company, particularly the ratio to the average salary and the median salary of such employees and the effect of the differences between them on labor relations at the Company (collectively in this section – the "data"). For the purpose of determining the salary of a Chief Officer and/or a controlling-shareholder officer or his relative (excluding Joint Active Chairman of the Board) (whether with reference to new employment terms or an adjustment of existing employment terms), the data will be submitted to the approval of the Approving Entity, including a reference, if necessary, to their reasonableness relative to the industry, relative to the officer's qualifications and relative to the challenges and difficulties involved in the position.
- 14.4 The basic salary of a Chief Officer and/or of a controlling-shareholder officer or his relative (excluding Joint Active Chairman of the Board) will be determined during the negotiations between him and the Company, which will be conducted on behalf of the Company by a Chief Officer or by the Board of Directors or by whoever is authorized by it from time to time. It should be clarified that the negotiations regarding the compensation and fringe benefits of a Chief Officer will be managed by another Chief Officer, the Board of Directors, or whoever will be authorized by it from time to time.
- 14.5 A contract with a Chief Officer who is a controlling-shareholder officer or his relative and/or with an Officer who is a controlling-shareholder officer or his relative (excluding Joint Active Chairman of the Board) may not exceed a period of three years.
- 14.6 Market (benchmark) comparison – Fixed salary of a Chief Officer and/or a controlling-shareholder officer or his relative (excluding Joint Active Chairman of the Board)

In addition to any examination that must be carried out by the Approving Entity prior to approving the terms of service and employment of a Chief Officer and/or a controlling-shareholder officer or his relative, and in addition to any consideration that should be taken into account by that entity, as detailed in this Compensation Policy Document and/or in the Companies Law, the ratio between the fixed basic salary of the Chief Officer who receives the highest compensation and/or a controlling-shareholder officer or his relative and the standard salary in the market will be maintained, as follows:

Market (benchmark) comparison – To determine a salary for a Chief Officer and/or a controlling-shareholder officer or his relative that conforms to the market standard and conditions, a comparison will be made between the salary proposed for each of them and the Zviran Average of a salary for corresponding positions, based on the Zviran Survey updated at the time, [to the extent that there is a comparable position in the Zviran security](#). The salary of the Chief Officer and/or of a controlling-shareholder officer or his relative will be determined such that it does not exceed by more than 40% the Zviran Average of a salary according to similar companies, based on criteria of size and status (Israeli company). ~~(the fixed salary cap prescribed in this section for an officer, calculated according to the Zviran Average for a CEO as of September 2018, is NIS 124 thousand per month).~~

15. Fringe benefits of a Chief Officer and/or a controlling-shareholder officer or his relative (excluding Joint Active Chairman of the Board)

In addition to any examination that must be carried out by the Approving Entity prior to the approval of the terms of service and employment of a Chief Officer and/or a controlling-shareholder officer or his relative (excluding Joint Active Chairman of the Board), and in addition to any consideration that must be taken into account by that entity, as detailed in this Compensation Policy Document and/or in the Companies Law, the Approving Entities must consider whether, and under what conditions, also to grant to a Chief Officer and/or a controlling-shareholder officer or his relative (excluding Joint Active Chairman of the Board) all or any of the fringe benefits detailed in this section below:

- 15.1 Prior notice and termination of employment – The prior notice period for a Chief Officer and/or for a controlling-shareholder officer or his relative (excluding Joint Active Chairman of the Board) may not be less than the period required by law, and may not be more than six months, in the course of which such officer will undertake to actually provide services to the Company, unless the Company decides to release him from this obligation. The termination of the employment of the Chief Officer can be made subject to special conditions.
- 15.2 Severance grant – The Approving Entity for the purposes of this Section will be the Chairman of the Board of Directors only, who may grant the Chief Officers (except himself) and/or a controlling-shareholder officer or his relative, severance grants (and in the case of a Chairman of the Board, with the approval of the second Chairman of the Board, and if there is none, then with the approval of the Board of Directors), in addition to the severance pay required by law, in an amount subject to the following limit:

<u>Employed up to 5 years at the Company</u>	<u>Employed 5 years or more at the Company</u>
6 months	12 months

Severance grants will be approved for an officer who has met all of the following conditions:

- He was employed by the Company for at least two years.
- During the period of his employment, he made a significant contribution to promoting the Company's business.
- The officer is not leaving under circumstances that, in the Approving Entity's judgment, as defined in this Section, would justify withholding severance pay.
- A Chief Officer (who is not the CEO and who is not the candidate for a severance grant) recommended the payment of a severance grant.
- The inclusion of a clause in the employment agreement that guarantees the payment of a severance grant to an officer must be submitted to the approval of the Approving Entity, as defined in this Section, prior to the signature of the agreement. For the avoidance of doubt, such a clause may not guarantee a severance grant that deviates from the above provisions. The severance grant will be paid upon the termination of employer-employee relations and will be limited to an amount equal to the number of months specified in the above table

multiplied by the fixed salary of the employee officer (or the total monthly consideration of a non-employee officer), without any additional components.

- The limit on the grant specified in the above table is the maximum limit that the Approving Entity, as defined in this Section, is authorized to approve.

- 15.3 Non-competition – a Chief Officer and/or a controlling-shareholder officer or his relative (excluding a Joint Active Chairman of the Board) must undertake, when signing an employment agreement with the Company, not to compete with the Company during a period of no less than six months and no more than 36 months, in the Company's standard wording from time to time.
- 15.4 Reimbursement of expenses – a Chief Officer and/or a controlling-shareholder officer or his relative are entitled to reimbursement of reasonable expenses actually incurred by them in the performance of their duties, both in and outside Israel, against the presentation of invoices and/or receipts to the Company in respect of those expenses, subject to limitations and in accordance with procedures as determined by the Company from time to time. Once a year the Board of Directors or whoever is appointed by it will examine the reasonableness of the costs borne by the Company pursuant to this subsection.
- 15.5 Annual vacation – a Chief Officer and/or a controlling-shareholder officer or his relative (excluding Joint Active Chairman of the Board) are entitled to annual vacation ranging from the minimum number of days specified in the law to a maximum of 30 days a year. Vacation days may be accumulated during two years. Vacation days not utilized during said period of accumulation will be redeemed pro rata as salary and paid to the Chief Officer and/or the controlling-shareholder officer or his relative (excluding Joint Active Chairman of the Board).
- 15.6 Sick leave – a Chief Officer and/or a controlling-shareholder officer or his relative (excluding Joint Active Chairman of the Board) may be absent from work due to sickness for a number of days in a year being no less than the number specified in the Sick Pay Law, 5736-1976, and no more than 30 days in a year, and receive full payment for these days. Sick days that were not utilized in a certain year will accumulate in the following years.
- 15.7 Convalescence pay – a Chief Officer and/or a controlling-shareholder officer or his relative (excluding Joint Active Chairman of the Board) are entitled to convalescence pay as specified in the extension order concerning the payment of convalescence pay.
- 15.8 Pension savings – The Company will pay contributions to a pension provider (or several pension providers) or to a pension agent according to the written choice of the Chief Officer and/or the controlling-shareholder officer or his relative (excluding Joint Active Chairman of the Board) and in accordance with the provisions of any law governing the subject. The contributions will be on the basic salary only of the Chief Officer and/or the controlling-shareholder officer or his relative (excluding the Chairman of the Board), excluding any other compensation components.

The Company may condition the payment of contributions for pension insurance on the agreement of the Chief Officer and/or the controlling-shareholder officer or his relative (excluding Joint Active Chairman of the Board) to deduct his share of the contributions from his salary.

The Company will insure the Chief Officer and/or the controlling-shareholder officer or his relative (excluding Joint Active Chairman of the Board) for work disability, as part of their membership in a pension fund or as part of the insurance cover for

officers insured under an executive insurance policy. The Company's contributions for work disability insurance will not exceed 2.5% of the fixed salary of the Chief Officer and/or the controlling shareholder officer or his relative.

The Chief Officer and/or the controlling-shareholder officer or his relative (excluding Joint Active Chairman of the Board) will be required to sign the wording of the Minister of Labor's general confirmation pursuant to Section 14 of the Severance Pay Law, 5723-1963 or any other or similar arrangement that may replace it, and the Company will pay their severance pay into a pension fund or an executive insurance policy, according to their choice with respect to contributions to pension insurance.

- 15.9 Study fund – The Company will contribute each month an amount of up to 7.5% of the salary of the Chief Officer and/or the controlling-shareholder officer or his relative (excluding Joint Active Chairman of the Board) and deduct an additional 2.5% from his salary, and it will transfer these amounts to a study fund according to the choice of the Chief Officer and/or the controlling-shareholder officer or his relative (excluding Joint Active Chairman of the Board), as notified by him in advance and in writing to the Company.
- 15.10 Car – The Company may place at the disposal of the Chief Officer and/or the controlling-shareholder officer or his relative (excluding Joint Active Chairman of the Board) a car for use for their work, with all the car servicing and maintenance costs to be borne by the Company in accordance with its procedures. The Company will be entitled to gross up and pay the income tax due in respect of possession and use of the car.
- 15.11 Mobile phone and/or laptop computer – The Company will place at the disposal of the Chief Officer and/or the controlling-shareholder officer or his relative (excluding Joint Active Chairman of the Board) a mobile phone and/or laptop computer for his personal use, according to the Company's choice. The Chief Officer and/or the controlling-shareholder officer (excluding Joint Active Chairman of the Board) will pay any tax that is due from him for the use of such phone and/or laptop.
- 15.12 Subsistence expenses – The Chief Officer and/or a controlling-shareholder officer or his relative (excluding Joint Active Chairman of the Board) is entitled to lunch at the Company's offices during work hours, and he will bear any tax payable on this benefit. The Chief Officer and/or a controlling-shareholder officer or his relative (excluding Joint Active Chairman of the Board) will be entitled to daily subsistence expenses also while traveling abroad on Company business, in accordance with the Company's procedures for all Company employees as in effect from time to time.
- 15.13 Continuing education programs and courses – The Company will bear the costs of continuing education programs and courses attended by the Chief Officers or a controlling-shareholder officer or his relative (excluding Joint Active Chairman of the Board), according to its decision.
- 15.14 Overtime – Overtime will be paid in accordance with the law. Since the Chief Officers and/or a controlling-shareholder officer or his relative (excluding Joint Active Chairman of the Board) are designated as "employees in management positions or in positions requiring a special degree of personal trust" as this term is defined in the Hours of Work and Rest Law, 5711-1951, this law does not apply to them.
- 15.15 Definition-dependent salary components – The Company may base a portion of the salary of the Chief Officer and/or a controlling-shareholder officer or his relative

(excluding Joint Active Chairman of the Board) on special components connected with the performance of specific tasks related to his area of responsibility, including payment based on shifts, on-call duty, etc.

- 15.16 Confidentiality, transfer of intellectual property rights, IT policies –When signing an employment agreement with the Company, the Chief Officer or a controlling-shareholder officer or his relative (excluding Joint Active Chairman of the Board) will commit to confidentiality, undertake to transfer to the Company all his rights in any developments and other intellectual property developed by him in the course of his employment by the Company, and agree to the Company's policies on the use of and access to the Company's IT systems, in the Company's standard wording from time to time.

16. Variable compensation – special bonus to officers, excluding a controlling-shareholder

In addition to all the foregoing, the Approving Entities will consider whether, and under what conditions, also to pay officers (excluding s controlling- shareholder) a special bonus.

The considerations for paying an officer (excluding s controlling- shareholder) a special bonus will include special effort, compliance with quality targets, retention of human capital and maintaining high motivation. The cap on the calendar annual special bonus for an officer (excluding s controlling- shareholder) shall be the higher between (a) 20% of the officer's total annual variable compensation or (b) 3 times the officer's monthly salary. The payment of a special bonus to an officer (excluding s controlling- shareholder) will be submitted to the approval of the Approving Entity, which, if necessary, will also consider the circumstances of the grant.

17. Variable compensation – bonus plan for officer excluding the Company Chief Officers

- 17.1 The mechanism for payment of an annual bonus and/or grant to officers, excluding the Chief Officers, is determined based on one or more of the following components, compliance with which is examined on a yearly basis:
- a. Measurable components – Personal targets and/or targets of the organizational unit in which the officer is employed, as defined from time to time and for the specific officer by the Approving Entities, including but not limited to measures of profitability, return on equity, cash flow, sales targets, growth, EBIDTA, capital issues, business performance and/or a combination of one or more of these measures, or other measures.
 - b. Non-measurable components – Chief Officer's evaluation.
- 17.2 The amount of the bonus to which an officer is entitled will be determined with reference to his rate of compliance with the aforesaid targets, as determined in advance and approved by the Approving Entities, who will consider, *inter alia*, the impact of those targets on the Company's risk management policy. Said targets will be, to the extent possible, realistic and reasonable, so that the officer does not assume excessive risks with the aim of achieving those targets and earning a bonus.
- 17.3 The Chief Officer's evaluations relates to subjective and quality measures, such as initiative, innovativeness, quality of management, loyalty to the organization,

determination, personal advancement, team work, human relations, additional tasks, etc., all subject to the Chief Officer's judgment.

17.4 Bonus determination mechanism

As mentioned above, in the bonus determination process, qualitative components ("**Chief Officer Evaluation**") that are not measurable, as well as measurable quantitative components, will be taken into account.

The mechanism for calculation of the target-compliance bonus will be determined according to the following breakdown:

17.4.1 80%-100% for at least two of the following financial targets according to the segment to which the officer belongs: volume of sales, gross profit, EBIDTA and operating profit, as calculated based on the Company's consolidated financial statements. A quantitative scale will be applied to each of the financial targets, as follows:

17.4.1.1 Minimum performance threshold below which an officer will not earn a bonus.

17.4.1.2 Maximum performance threshold within which the officer will earn a proportionate bonus and above which the officer's performance will be deemed exceptional and could earn him an addition bonus for a predetermined amount.

17.4.2 Up to 20% for qualitative targets based on the Chief Officer's evaluation, as discussed above.

17.5 Threshold condition for payment of a bonus – The Approving Entities may set minimum threshold conditions for the payment of a grant, based on one or more measurable financial components with respect to the Company's performance during the year for which the grant is to be paid.

17.6 Bonus approval process and / or the actual bonus - at the end of each year, the degree of the officer's compliance his personal goals that had been set to him, in advance and in goals of the sub- organizational frame in which he is employed and a Chief Officer evaluation shall be conducted. The actual grants be actual paid to officers, will be submitted to the approval of the Approving Entity, soon after the approval of the financial statements of the Company for the year for which the bonus is payable.

18. Variable compensation – bonus plan for Chief Officers (excluding Joint Active Chairman of the Board)

In addition to all the foregoing, the Approving Entities will consider whether, and under what conditions, also to pay the Chief Officers (excluding Joint Active Chairman of the Board) a special bonus, based on targets or other conditions as detailed above and below, according to a fixed mechanism or on an ad hoc basis.

18.1 Without derogating from the generality of the foregoing, the Chief Officer (excluding Joint Active Chairman of the Board) is entitled to an annual grant for each calendar year during which he is employed as a Chief Officer, within 30 days from the date of approval of the financial statements for any calendar year by the Board of Directors, at a rate of the pretax profit for that year (cost to the Company), net of minority interests in respect of investee companies ("**bonus on profits**"). The rate of the bonus

from the profit, as approved by the Approving Entity shall not exceed 10%. The bonus on profits will be calculated for each year anew (and not cumulatively), without taking losses into account. The Company may pay the bonus fully from the Company itself or partly from the Company and partly from subsidiaries of the Company.

- 18.2 In case the Chief Officer is also its controlling shareholder, any change in his fixed salary and/or a bonus is subject to the approval of the Approving Entity, in accordance with the provisions of the Companies Law, unless and to the extent that the Companies Regulations (Reliefs in Transactions with Interested Parties), 5760-2000 applies and/or in case of any other approval process applicable under any law.

19. Variable compensation – officers' bonus plan, including Chief Officers – Cap

In addition to any examination that must be carried out by the Approving Entity prior to approving a bonus for a Company officer, including the Chief Officers, based on quantitative and/or qualitative components as detailed above and below, and in addition to any consideration that should be taken into account by that entity, as detailed in this Compensation Policy Document and/or in the Companies Law, the amount of the variable compensation shall be limited as follows:

- 19.1.1 The total variable compensation for a non-chief officer of the Company shall not exceed NIS 100 thousand per month in a calendar year. The total variable compensation for a Chief Officer shall not exceed NIS 150 thousand per month in a calendar year.
- 19.1.2 In a bonus plan linked to the Company's net profit, and in a year in which an exceptional net profit is recorded amounting to NIS ~~+0~~ 15 million and up, 10% of the amount beyond a net profit of NIS ~~+0~~ 15 million will be added to the aforesaid annual compensation cap.

20. Variable compensation – limitation and reduction

- 20.1 Limitation on the variable compensation for meeting quality objectives (non-measurable component) in a bonus program and/or special bonus – the Company shall not grant both a variable compensation to officers for meeting quality goals during a certain calendar year, and in the bonus program as part of a special bonus. Meaning, an officer that a variable compensation granted to him in respect of the bonus plan for compliance with quality objectives in a given calendar year will not receive variable compensation as special bonus to meet the quality targets in the same calendar year, and vice versa.
- 20.2 Reduction of a bonus and/or grant – Notwithstanding anything stated in this Compensation Policy Document, the Board of Directors may, at its discretion, reduce a bonus and/or grant before it is resolved to grant it in the framework of the officer Compensation Policy, based on reasonable considerations taken into account by it, including considerations as to the Company's future financial position, its ability to meet the financial covenants to which it committed (if at all), the extent of the officer's contribution, his compliance with the targets set for him, and any other circumstance in light of which withholding such bonus and/or grant, or alternatively granting it, would benefit the Company.

20.3 Cap on the realizable value of equity-based variable compensation– Equity-based variable compensation plans as in effect from time to time at the Company will include a cap on the realizable value. Nevertheless, in the framework of these plans the Board of Directors will be authorized, on the date of any allocation of options to an officer, to set and change the exercise price, the vesting period, the exercise period and all the other terms applying to any option so allocated, subject to the Compensation Policy and principles set forth in this document.

21. Bonus entitlement for a partial employment period

If employer-employee relations between an officer and the Company terminate in the course of a calendar year, the annual bonus mechanism according to this Compensation Policy will be adjusted to the partial employment period, such that the bonus amount paid to the officer will be adjusted to the period for which the officer is entitled to a bonus, and the bonus calculation will reflect the partial employment period only.

22. Bonus correction

If the Company's audited consolidated financial statements for any year are corrected, in such manner that ad the amount of the grant and/or bonus for measurable components that was due to an officer for that year been calculated based on the corrected data, the officer would have received a bonus in different amount (higher or lower, as the case may be), the Company will pay the officer or the officer will return to the Company, as the case may be, the difference between the amount that was actually paid and the amount which should have been paid in light of such correction, on the date of payment of the officer's next salary after the publication of the corrected statements, and in accordance with the provisions of the Wage Protection Law, 5718-1958 ("**Wage Protection Law**") with respect to the amount of the allowed deduction. This difference will be considered an agreed and liquidated amount for purposes of Sections 25(a)(6) and 25(b) of the Wage Protection Law.

The Company is permitted not to return such difference to the officer, whenever it becomes apparent that it was created due to that officer's negligent or willful act or omission.

For the purpose of implementing the foregoing, the officer will sign, on the date of payment of any bonus and/or grant, or earlier, an undertaking to return the relevant payments, in wording as determined by the Company.

23. Equity-based compensation

The Company may grant its officers (that do not serve only as Directors in it) options to the Company's shares, subject to the approval of the Approving Entity, as part of the officer's compensation mechanism, at terms to be determined by the Company.

The terms of an option plan and the exercise price will serve as an appropriate incentive for maximizing the Company's value in the long term and for encouraging the achievement of the Company's long-term objectives. In addition, criteria will be set based on which options will not be granted (such as in circumstances that justify dismissal without severance pay, noncompliance with the vesting conditions that were set, deterioration in the Company's situation due to the officer's actions, officer's breach of trust, and any other criteria determined by the Board of Director or the Board committee in charge of managing the Company's option plan).

23.1 Criteria for determining equity-based compensation

- 23.1.1 The Company will take into account the amount of the cumulative dilution resulting from all grants made by the Company. The maximum cumulative dilution allowed due to all grants made by the Company shall not exceed 10% of the issued capital of the Company as of the date of approval of this plan by the Board of Directors.
- 23.1.2 The exercise price and the terms of the plan shall be (1) the higher of: (a) the opening price of the Company's share on the day of the Board of Directors' resolution on the grant of the options; (b) a premium of 5% above the average price of the Company's shares on the Tel Aviv Stock Exchange Ltd. during the 30 trading days preceding the date of the resolution to grant the options under this plan, or (2) another price to be determined by the authorized organs of the Company (provided that it will not be less than NIS 0.30 per share), in a manner that will constitute an appropriate incentive to maximize the Company's value in the long term.
- 23.1.3 Without derogating from the generality of the aforesaid in Section 23.1.2 above, it is hereby clarified that subject to the resolution of the Company's Board of Directors, in circumstances where the allotment of securities to a particular officer requires the approval of the general meeting, the exercise price may be calculated in accordance with the above principles, with respect to the date of approval by the general meeting. In addition, in circumstances where a specific grant date, which is later than the date of approval by the board of directors or the general meeting (as the case may be), is set in a specific plan of a particular officer, the exercise price will be calculated, in accordance with the above principles, with respect to the grant date determined by the competent organs.
- 23.1.4 The vesting period may not be less than three years (or partial exercise over the years).
- 23.1.5 The exercise period may not be less than one year after each vesting date, but not more than 6 years after the relevant allotment date.
- 23.1.6 An option plan may not include an automatic renewal mechanism.
- 23.1.7 If the Company decides to grant phantom options (options which, on the exercise date thereof, the offeree is entitled to receive in cash (and not in shares) the **difference** between the price of the Company's share and the pre-determined exercise price), will also be considered equity-based compensation. To remove any doubt, the exercise price of phantom options will not gross-up an immediate bonus (In-the-Money Options).
- 23.1.8 No "poison pill" options/shares will be granted (preferred share arrangement, flip-over, flip-in and voting arrangement). No automatic mechanism enabling immediate acceleration of the terms of an equity-based grant will be permitted, other than in cases of a change in control.
- 23.1.9 No automatic mechanism, which allows for the immediate acceleration of the conditions of a capital grant, will be allowed, except to the extent that the Company is a party to an agreement or a stock exchange arrangement (such as a merger or reorganization transaction).
- 23.1.10 Granting of options / shares in a related company will be review based on the degree of involvement of the officer in the related company's businesses.

23.1.11 The exercise price and/or the number of exercise shares will be adjusted, as customary, to the distribution of dividends/bonus shares/rights or to changes in the Company's structure/capital.

23.2 Ceiling for the value of annual equity-based compensation on the grant date

The value of annual equity-based compensation that is not distributed in cash shall not exceed 6 times the monthly wages of an officer on the grant date, and in any case shall be limited in relation to the total compensation as specified in the table in section 10.4. For the cap purposes, the cumulative annual fair value of the capital compensation to be granted to officers of the Company on the grant date will be estimated according to the total economic value on the grant date divided by the number of years until the full vesting date.

24. Compensation of Directors and External Directors

- 24.1 Compensation of External Directors – The compensation paid to External Directors may not exceed an annual fee and an attendance fee at the rate specified in the "maximum amount" column in the Companies Regulations (Rules Concerning Compensation and Expenses of an External Director), 5759-2000. No share-based grants will be given to an External Director. External Directors will also be entitled to reimbursement of expenses as provided above.
- 24.2 Compensation of non-officer Directors – The compensation and reimbursement of expenses paid to non-officer Directors of the Company will be the same as that paid to the Company's External Directors.
- 24.3 Joint Active Chairman of the Board – a Joint Active Chairman of the Board shall be entitled to an annual compensation of up to 55% of the total annual cost of the Active Chairman of the Board, plus VAT as applicable, at its rate from time to time, plus reimbursement of expenses as specified in Section 13.4 above, as well as insurance, indemnification and exemption, as stated in Section 25 below. This, as determined by the Approving Entities and subject to any approval required by the law. A Joint Active Chairman of the Board who receives compensation in accordance with Section 24.3 shall not be paid Director's compensation as specified in Section 24.2, and he shall not be paid fringe benefits as specified in Sections 13, 15, 16, 17, and 18 above.

25. Insurance, indemnification and exemption

The Company may grant all or any of its Directors and officers one or more of the rights set out below, subject to the approvals required by law:

- 25.1 Insurance – ~~Directors and officers of the Company will be insured under a directors and officers liability insurance policy for a sum up to \$10,000,000 (ten million US dollars) for any one event and in the aggregate for all damages arising during the insurance period (plus another \$5,000,000 in respect of legal defense costs) (the "policy"). The policy will be renewed every year, subject to approval by the Approving Entity to renew it from time to time at similar terms and for additional periods of up to 18 months each time.~~

~~The purpose of the policy is to confer on the Company's Directors and officers protection against claims. The terms of the policy are determined in negotiations between the Company and the insurance company, taking into consideration the areas of operation and the scope of operation of the Company and the Group, the~~

~~geographical distribution of the Company's operations, the risk management policy applied by the Company, the number of insured covered by the policy and the standard terms in the market in this area.~~

Officers in the Company, including officers who are controlling shareholders in the Company or who are part of the controlling shareholders in the Company, shall be entitled, in addition to the compensation package as stated in this Compensate Policy, and subject to the approval of the competent organs in the Company, to receive directors' and officers' liability insurance and all subject to the provisions set forth in any law and the provisions set forth in the Articles of the Company.

As regards the directors' and officers' liability insurance, the Company may engage in an insurance policy for the insurance of directors' and officers' liability insurance, including those who are controlling shareholders in the Company and/or who are part of the controlling shareholders in the Company and the CEO of the Company, in a liability limit of up to \$10,000,000 – per event and during the insurance term.

The Compensation Committee and the Board of Directors of the Company (to the extent required in accordance with the law) shall be entitled to set the amount of the insurance premiums (annual) and the amount of the deductible, on the condition that these are in conformance to the market conditions in that year, when the cost of the premium will be for an amount that might not materially impair the profitability of the Company, its property or liabilities.

The Company may take out, during the ordinary course of business for periods that will be set out by the Compensation Committee of the Company and subject to the provisions of the law, directors' and officers' liability insurance in the Company and in private subsidiaries of the Company from time to time.

The policy may include insurance coverage for the Company itself (Entity Cover) against claims in accordance with security laws and claims on the grounds of industrial relations brought against the Company and against officers in the Company.

Run-off cover – The insurance cover purchased by the Company for its Directors and officers may also include runoff arrangements for a period of up to seven years from the date of termination of their service as Directors and officers of the Company.

- 25.2 Indemnification and exemption – The Company may grant indemnification (prospectively and/or retrospectively) and an exemption to all or any of its Directors and officers, according to its discretion, to the maximum extent conforming to the Companies Law and the Increased Efficiency of Enforcement Proceedings at the Israel Securities Authority Law (Legislative Amendment), 5771-2011, in wording as approved by the General Meeting of the Company's shareholders on September 22, 2011.

Eligibility to exemption and/or indemnity and/or insurance as stated above shall apply also with respect to exemption and/or indemnity and/or insurance coverage of an officer on the Company in connection with his term of office on behalf of the Company or following its request as an officer in another corporation in which the Company holds shares, whether directly or indirectly, and/or a related corporation of the Company, that exist in the Company from time to time.