

Amended Compensation Policy

**SHL TELEMEDICINE LTD. 2017 Compensation Policy for Executive Officers and Directors**

**1. Objectives**

This document sets forth the compensation policy for Executive Officers and Directors of SHL Telemedicine Ltd. ("The Company"), in accordance with the requirements of the Companies Law (as such terms are defined below):

1.1. Several main principles and objectives form the basis of the compensation policy: (a) To promote the Company's mission, long term goals and targets; (b) To create appropriate incentives for the Company's officers with the aim of aligning such Officers' compensation with the Company's mission and goals, taking into account, inter alia, the Company's risk management policy; (c) To adapt a compensation package combination that matches the size of the Company and the nature of its activities; and (d) To comply with the provisions of the Law by compensating those eligible pursuant to the Compensation Policy, based on their efforts and contribution to the development of the Company's business and to the promotion of its goals, in the short and long term.

1.2. The Compensation Policy shall be at all times subject to any applicable law.

**2. Definitions**

SHL or the Company	SHL Telemedicine Ltd.
Group	The Company and its subsidiaries and affiliates
Companies Law	Companies Law 5759- 1999 as in effect from time to time.
Board	The board of directors of the Company.
Director	Member of the Board.
Compensation Committee	The compensation committee of the Company as duly appointed from time to time in accordance with applicable law.
CEO	Chief Executive Officer of the Company.
VP	A chief business manager, a deputy general manager, vice general manager, any person who holds such position in the Company even if such person holds a different title and any other manager/officer in the Company who reports directly to the CEO.
Executive Officers	CEO and VPs.
Officers	As such term is determined under the Companies Law.

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Base Salary	Fixed gross monthly salary in exchange for the work of the Executive Officer.
Management Fees	Fixed monthly payment in exchange for services provided by an Officer through a management or consulting contract against a proper invoice.  For the purpose of the Compensation Policy, the Base Salary of such Officer shall be:  Deemed to be equal to 70% of the total monthly consideration paid for his services, under such invoice, excluding VAT. Or; For Officers whose company car tax liability is grossed up and paid by the Company, shall be deemed to be equal to 70% of the total monthly consideration paid for his services, under such invoice, excluding VAT.
Employee Benefits	The compensation of each Executive Officer who is an employee of the Company may include additional benefits such as social benefits, severance payment, pension insurance, managers insurance, or study fund, subject to applicable law. The compensation of Executive Officers (whether employees or service providers) may also include fringe benefits such as medical insurance, car allowance, mobile phone allowance and reimbursement for other expenses incurred for the purpose of carrying out his or her duties, with or without grossing up of such benefits, all in accordance with applicable law and Company's policies as in effect from time to time, and all subject to this Compensation Policy.

**3. Term and Applicability of Compensation Policy**

- 3.1. This Compensation Policy Shall apply only to Officers of the Company and shall be in force for a period of 3 years from the date the Compensation Policy is duly approved. The Company has the right to change the Compensation Policy, at any time, in accordance with the provisions of applicable law.
- 3.2. It is hereby emphasized, that none of the provisions in this Compensation Policy is intended to provide any rights or remedies to any of the Officers to whom this Policy applies and/or other employees of the Company, and/or to any third party, and no Officer or employee or any third party on his or her behalf may make any claim and/or demand against the Company, any of its office holders or employees or any subsidiary or affiliate thereof or of its shareholders, based on the guidelines set forth herein.

**4. Supervision and Control of Compensation Policy**

- 4.1. The Board of Directors is in charge of the implementation of the Compensation Policy including the authority to interpret the provisions thereof.
- 4.2. The Compensation Committee shall examine the application of the Compensation Policy, from time to time, and at the latest each year, and recommend any changes, to the extent necessary, to the Board.
- 4.3. The Compensation Committee shall evaluate annually the performance of each of the Executive Officers and shall review at least annually the Executive Officers' personal compensation programs in light of the Company's goals and objectives with respect to such programs, and recommend any changes to the Board.

5. **General Parameters for Examining the Compensation Terms**

In general, the compensation terms for Officers shall be examined, while taking into consideration, inter alia, the following parameters:

- 5.1.1. The education, qualifications, expertise, seniority (in the Company in particular, and in the Officer's profession in general), professional experience and achievements of the Officer;
- 5.1.2. The Officer's position, and his previous agreements with the Company;
- 5.1.3. The Officer's contribution to the Company's business, profits and stability;
- 5.1.4. The degree of responsibility imposed on the Officer; The Company's need to retain officers who have skills, know-how or unique expertise;
- 5.1.5. The Company's global nature;
- 5.1.6. The ratio between the Officer's employment terms and conditions and other Company employees and/or contract workers employed by the Company and in particular the ratio between such Officer's compensation to the average wage and the median wage in the Company and the impact of the differences on labor relations in the Company.

6. **Compensation Program**

The Company shall be entitled to grant to its Officers a compensation program which may include all or some of the following elements as set forth in this Compensation Policy: Fixed Compensation, Annual Cash Bonus, Share-Based Compensation, Special Bonus, insurance, exculpation, indemnification, and Retirement Terms, as such terms are defined below.

7. **Fixed Compensation**

7.1. **Directors' compensation**

The compensation of the Directors shall be subject to the limitations as set in this Compensation Policy. Unless otherwise set forth herein, the remuneration of the Directors shall be in accordance with the Companies Regulations (Rules Regarding the Compensation and Expenses of an External Director), 5760-2000 ("**Compensation of Directors Regulations**"). A Director who is also an Executive Officer shall not be entitled to remuneration as a director.

Subject to applicable law, compensation shall be allowed in amounts higher than what is stated in the Compensation of Directors Regulations if any of Directors is a professional director, an expert director or a director who makes a unique contribution to the Company.

An active chairman of the Board (the "**Chairman**") who takes on increased duties on behalf the Company may receive an ~~different or higher~~ additional compensation in recognition of such increased duties (i.e. a separate compensation in addition to the remuneration of the Chairman in his/her capacity as a Director in accordance with the Compensation of Directors Regulations) (the "**Chairman's Additional Compensation**"), as long as such person is an active chairman and provided that the Chairman's Additional Compensation shall not exceed the sum of NIS 250,000 per annum (employer's cost). ~~such active chairman is not a controlling shareholder of the Company. The Chairman's compensation will be evaluated by conducting an external benchmarking using a defined peer group, selected based on such factors, among others, as Company's size, global footprint, nature of activities and competitors of similar talent~~

In addition to the above, the Company will reimburse or cover its Directors for expenses (including travel expenses) incurred in connection with Board and committee meetings or performing other services for the Company in their capacity as Directors, in accordance with Company policy as in effect from time to time, and subject to applicable law.

Directors may also be eligible to a Share-Base Compensation as hereinafter defined.

7.2. Executive Officers

7.2.1. The Base Salary of each Executive Officer, whether paid as Salary or as Management Fees, shall be determined based on a variety of considerations including the parameters specified in Section 5 above and including the following considerations:

- **Competitiveness** - the Base Salary of Executive Officers will be evaluated by conducting external benchmarking using a defined peer group, selected based on such factors, among others, as Company's size, global footprint, nature of activities and competitors of similar talent.
- **Internal fairness** - the variation in the relative Base Salary among Executive Officers should reflect the differences in position, education, scope of responsibilities, location, previous experience in similar roles and contribution to attainment of the Company's goals.

The Compensation Committee and the Board shall be entitled to update the Base Salary from time to time provided such update does not constitute a Material Change (as hereinafter defined). Updating the Base Salary at a rate that exceeds 10% per year, of the Base Salary prior to such update (without taking into account any linkage differentials) will be deemed a material change ("Material Change") and shall be considered as a deviation from this Compensation Policy.

7.2.2. The Fixed Compensation of Executive Officers may include Employee Benefits as defined above, at least in compliance with mandatory benefits under applicable laws.

8. Annual Cash Bonus

The cash bonuses aim to ensure that the Executive Officers are aligned in reaching the Company's goals.

8.1. Terms and General Conditions

Executive Officers may be entitled to a cash bonus in accordance with an annual bonus plan. The annual bonus plan is aimed to create an alignment between the compensation of the Executive Officers and the Company's annual and long term goals while focusing, inter alia, on individual goals that will be defined for each of the Executive Officers. The annual bonus plan may include rules for eligibility in case the Executive Officer serves for only part of the relevant year.

The Board shall have the full discretion to determine the amount of the bonus payout, if any, of any and all Executive Officer(s) in any given year, up to the Maximum Amounts set forth below, and may also reduce such bonuses. For avoidance of doubt, the actual grant of bonuses shall be approved pursuant to applicable law.

Annual bonus payout to Executive Officers may be calculated by using financial metrics and/or measurable key performance indicators ("KPI"), as pre-determined by the Compensation Committee and the Board, and/or qualitative evaluation, as follow:

Group	Measurable KPI		Qualitative Evaluation
	Group / Company	Individual	
CEO	80%-100%		Up to 20%
VPs	Up to 100%	Up to 60%	Up to 20%

8.2. Maximum Amount of the Annual Cash Bonus

The maximum amount of the Annual Cash Bonus for each of the following Executive Officers, shall be as follow:

- CEO - Up to twelve (12) times of his or her Base Salary.
- VP - Up to six (6) times of such VP's Base Salary.

8.3. KPIs:

8.3.1. Hereunder is the general list of some, but not all of the eligible KPIs for the annual bonus plan:

Group	Group \ Company	Individual
CEO	- Budget targets	
VPs	- Capital raise - Cash flow targets - Profit targets	- Number of patients \subscribers - Meet objectives of product development - Gain new business - For creating new strategic & commercial collaborations. - Sales targets, including by geographical areas and\or from new products

8.3.2. The measurement of profit targets shall be based on the audited annual financial statements of the Company. For the purpose of calculating a profit target, revenue and expenses not involving cash flow and/or re-evaluation of assets will not be taken into account.

8.3.3. The Annual Cash Bonus parameters will be determined by the Compensation Committee and the Board, taking into account the Company's risk management policy. The number of KPIs in the Annual Cash Bonus for each Executive Officer will be based upon up to six (6) KPIs.

8.3.4. Entitlement of an Executive Officer to receive any Annual Bonus shall be conditioned upon the achievement of a minimal threshold of 80% of the target performance of each of his or her KPIs (the "Threshold"). For avoidance of doubt, performance below the Threshold of a KPI shall not entitle such Executive Officer to any bonus payment with respect to such KPI; *however*, achievement of such Threshold of other KPIs of an Executive Officer may entitle same to a bonus payment with respect thereto. Performance above the Threshold may entitle the Executive Officer to a linear pro rata portion of the bonus set for such KPI (up to the ceiling of the bonus allocated thereto, *provided* that the aggregate Annual Bonus paid to an Executive Officer shall not exceed the ceiling set forth hereinabove.

8.3.5. Non-Measurable Criteria for the Bonus

The Compensation Committee and the Board will consider and approve this component, based, inter alia, on the recommendation and personal assessment given by the person or organ in charge of the Executive Officer, specifying the relevant reasons underlying the recommendation: The Executive Officer's unique contribution to the Company:

- Satisfaction with the Officer's performance (including assessing the degree of involvement of the Executive Officer and devotion of efforts in the performance of his or her duties);
- Assessing the Executive Officer's ability to work in coordination and cooperation with other

employees of the Company;

- The Executive Officer's contribution to appropriate control environment and ethical environment.

9. **Special Cash Bonus**

In addition to the Annual Cash Bonus, under special circumstances, the Compensation Committee and the Board may determine that an Executive Officer is also entitled to other cash bonuses in recognition of a Significant Achievement such as: merger, consolidation or acquisition of the Company with, by or into another corporation or entity; private placements to a strategic investor; public offering in a sum and a valuation predetermined by the Board:

**"Significant Achievement"** - for the purpose of this section means an increase of at least 20% of the Company's equity or Company's market value or Company's annual revenue.

The total amount of Special Cash Bonuses awarded to an Executive Officer for any given calendar year may be up to six (6) times of the Base Salary of the CEO and three (3) times of the Base Salary of any other Executive Officer

10. **Share-Based Compensation**

The Company shall be entitled to grant its Officers: Options, Restricted Stock Units or any other share-based compensation ("Share-based Compensation"), pursuant to an equity or option plan as adopted or shall be adopted, from time to time, and subject to any applicable law.

The fair value of the Share-based Compensation shall be calculated, at the time of grant, in accordance with the costs recorded in the Company's financial statements ("Fair Value").

10.1. The Fair Value of the Share-based Compensation, shall not exceed following:

- For an Executive Officer - one and half (1.5) times such Executive Officer's yearly Base Salary.
- For the CEO – two and a half (2.5) times the CEO's Base Salary.
- For all Directors as a group - the amount of \$US 500,000.

10.2. The exercise price and any other terms of the grant will be determined by the Compensation Committee and the Board, as required by any applicable law. In any event, such exercise price shall be at least equal to the average Closing Price of the Company's share during the thirty (30) trading day period preceding the date of such grant; provided that the Compensation Committee and the Board shall have the right to determine an exercise price different from the aforesaid and/or the Plan in exceptional cases and under special circumstances which shall be laid out in the Compensation Committee's and Board's respective decisions.

10.3. Share-Based Compensation, if granted, shall mature in installments or vesting periods (or depend on meeting milestones) which shall take into account the appropriate incentive, in light of the Company's objectives in the years following the approval of the grant, and in any event the vesting shall be at a minimum of (i) first cliff after one year from the date of grant; and (ii) full vesting not earlier than thirty six (36) months from the date of an officer first grant.

10.4. Notwithstanding anything to the contrary in this Compensation Policy, in the event of a Corporate Transaction (as such term is defined under the Company's 2015 Executive and Key Employee Share Option Plan, the "Plan") or any option plan as in effect, from time to time, or in the event of termination by the Company of an Executive Officer (except for "cause") in a Change of Control event (as hereinafter defined),

subject to the recommendation and approval of the Compensation Committee (and subject to shareholder approval, if required under the Companies Law), the Board may authorize and approve the acceleration of all or any part of any unvested options outstanding immediately prior to the consummation of the Transaction.

11. **Insurance, Exculpation and Indemnification**

The Officers of the Company shall be entitled to benefit from the insurance, exculpation and indemnification arrangements, to be approved from time to time by the Company, pursuant to the provisions of the Articles of Association of the Company and applicable law.

12. **Retirement Terms**

12.1. **Advance Notice**

The advance notice period shall be determined individually with respect to each Executive Officer, and shall not exceed a period of six (6) months advance notice for the CEO and three (3) months periods for other Executive officers.

12.2. **Severance Payments**

The Severance payments of Executive Officers shall be in accordance with the provisions and conditions of the "General Approval regarding the payments by Employers to Pension Funds and Insurance Funds, in Lieu of Severance Payments pursuant to the Severance Pay Law, 5723 - 1963".

12.3. **Retirement Grant**

An Executive Officer may become entitled to a retirement grant in the event of termination by the Company (except for "cause"), such grant to be examined in light of the period of service or employment of the Executive Officer in the Company, the terms of service, the Company's performance during said period, the contribution of the Executive Officer to achieving the Company's goals and its profitability, and the circumstances of retirement. The amount or value of such retirement grant shall not exceed an additional six (6) months for the CEO (provided he is not a controlling shareholder) and three (3) months for the Executive Officers, of Base Salary, all in addition to the Advance Notice.

12.4. **Retirement Grant in Case of Change of Control**

Upon termination of service or employment by the Company (except for "cause") of the CEO, or by the CEO (provided he is not a controlling shareholder) resulting from a Change of Control event, and during a six (6) months period following the closing date of such event, such terminated CEO may be entitled to an additional retirement grant of up to three (3) times of such CEO monthly Base Salary. Company may elect to pay such additional grant, to the extent approved, by acceleration of any future grants to the extent same exist under the employment agreement of any so eligible CEO. "**Change of Control**" - as such term is defined under the Israeli Companies Law.

13. **Claw Back**

Officers shall be required to return any compensation paid to them on the basis of results included in financial statements that turn out to be erroneous and subsequently restated.