

**TERRITORY OF THE BRITISH VIRGIN ISLANDS**  
**THE BVI BUSINESS COMPANIES ACT**  
**(2004)**

**MEMORANDUM AND ARTICLES**  
**OF ASSOCIATION**

**OF**

**MRR Thirteen Limited**

**Incorporated the 19th day of June, 2018**



Hauteville Trust (BVI) Limited  
P.O. Box 3483  
Road Town  
Tortola  
British Virgin Islands

TERRITORY OF THE BRITISH VIRGIN ISLANDS

THE BVI BUSINESS COMPANIES ACT 2004

(Number 16 of 2004)

**MEMORANDUM OF ASSOCIATION**

**OF**

**MRR Thirteen Limited**

1. The name of the Company is: MRR Thirteen Limited.

**STATUS**

2. The Company is a company limited by shares.

**REGISTERED OFFICE AND REGISTERED AGENT**

- 3.1 The first registered office of the Company will be situated at the offices of Hauteville Trust (BVI) Limited, Road Town, Tortola, British Virgin Islands, the office of the first registered agent.
- 3.2 The first registered agent of the Company is Hauteville Trust (BVI) Limited, PO Box 3483, Road Town, Tortola, British Virgin Islands.
- 3.3 The Company may by Resolution of Shareholders or by Resolution of Directors change the location of its registered office or change its registered agent.
- 3.4 Any change of registered office or registered agent will take effect on the registration by the Registrar of a notice of the change filed by the existing registered agent or a legal practitioner in the British Virgin Islands acting on behalf of the Company.
- 3.5 Without derogating from the above mentioned in this Regulation 3, as long as the Company is a Debenture Company, in addition to its registered office in the British Virgin Islands it shall maintain an address in Israel, where notices to the Company may be addressed.

**CAPACITY AND POWERS**

- 4.1 Subject to the Act and any other British Virgin Islands legislation, the Company has, irrespective of corporate benefit full capacity, rights, powers or privileges to carry on or undertake any business or activity do any act or enter into any transaction which is not prohibited under any law for the time being in force in the British Virgin Islands; and
- 4.2 For the purposes of section 9(4) of the Act, there are no limitations on the business that the Company may carry on.

## **NUMBER AND CLASSES OF SHARES**

- 5.1 The Company is authorised to issue a maximum of 10,000 Shares with no par value.
- 5.2 The Company may issue fractional Shares and a fractional Share shall have the corresponding fractional rights, obligations and liabilities of a whole share of the same class or series of shares.
- 5.3 The Shares shall be divided into such number of classes and series as the Directors shall by resolution from time to time determine and until so divided shall comprise one class and series.

## **DESIGNATIONS, POWERS, PREFERENCES, ETC. OF SHARES**

- 6.1 Each Share in the Company confers upon the Shareholder:
  - (a) the right to one vote at a meeting of the Shareholders of the Company or on any Resolution of Shareholders;
  - (b) the right to an equal share in any dividend paid by the Company; and
  - (c) the right to an equal share in the distribution of the surplus assets of the Company on its liquidation.
- 6.2 The Directors may at their discretion by Resolution of Directors redeem, purchase or otherwise acquire all or any of the Shares in the Company subject to Regulation 4 of the Articles.

## **VARIATION OF RIGHTS**

- 7.1 The rights attached to Shares as specified in Clause 6.1 may only, whether or not the Company is being wound up, be varied by a Resolution of Shareholders holding more than 50 per cent of the issued Shares of that class.
- 7.2 The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith.

## **REGISTERED SHARES**

- 8. The Company shall issue shares as registered Shares only and shall not:
  - (a) issue bearer shares;
  - (b) convert registered shares to bearer shares; or
  - (c) exchange registered shares for bearer shares.

## AMENDMENT OF MEMORANDUM AND ARTICLES

- 9.1 The Company may amend its Memorandum or Articles by a Resolution of Shareholders or by a Resolution of Directors, save that no amendment may be made by a Resolution of Directors:
- (a) to restrict the rights or powers of the Shareholders to amend the Memorandum or Articles;
  - (b) to change the percentage of Shareholders required to pass a Resolution of Shareholders to amend the Memorandum or Articles;
  - (c) in circumstances where the Memorandum or Articles cannot be amended by the Shareholders; or
  - (d) to Clauses 6, 7, or this Clause 9.1.
- 9.2 An amendment of the Memorandum or Articles has effect from the date that the notice of amendment, or restated Memorandum or Articles incorporating the amendment, is registered by the Registrar from such other date as may be ordered by the Court under Section 13(5) of the Act.

We, Hauteville Trust (BVI) Limited of P.O. Box 3483, Road Town, Tortola, British Virgin Islands, for the purpose of incorporating a BVI Business Company under the laws of the British Virgin Islands hereby sign this Memorandum of Association the 19th day of June, 2018:

Hauteville Trust (BVI) Limited



---

By: Kay Reddy  
Authorised Signatory

TERRITORY OF THE BRITISH VIRGIN ISLANDS

THE BVI BUSINESS COMPANIES ACT 2004

(Number 16 of 2004)

**ARTICLES OF ASSOCIATION**

**OF**

**MRR Thirteen Limited**

**DEFINITIONS AND INTERPRETATION**

- 1.1 The following Articles shall constitute the regulations of the Company. Any words or expressions defined in the Act unless the context otherwise requires bear the same meaning in the Memorandum and Articles unless otherwise defined herein:

**“Accounting and Financial Expertise”** shall mean in relation to an individual, an individual that by virtue of education, experience and qualifications possesses high proficiency and understanding in business-accounting issues and financial statements, in a manner that allows that individual to thoroughly understand the Company's financial statements and to instigate a discussion in connection with the manner of the presentation of the financial data, to be determined at the discretion of the Board of Directors *inter alia* taking into account education, expertise and knowledge in the following issues:

(i) accounting issues and accounting control issues characterizing the field in which the Company operates, as well as with companies of the same scale and complexity as the Company; (ii) auditor's functions and duties; (iii) preparation and approval of financial statements;

**“Act”** means the BVI Business Companies Act (No. 16 of 2004) and includes the regulations made under the Act and any amendment thereto;

**“Administrative Enforcement Committee”** means a committee comprised of six (6) members appointed by ISA;

**“Audit Committee”** shall have the meaning assigned to that term in Regulation 14;

**“Affiliated Company”** shall mean a company in which another company – which is not a parent company thereof- holds 25% or more of the nominal value of its issued share capital or of the voting power therein or is entitled to appoint 25% or more of its directors;

**“Associated Company”** – shall mean an Affiliated Company, and also a company in which another company – which is not a parent company thereof – has invested an amount equal to 25% or more of the equity of the other company, whether in shares or otherwise, excluding a loan given in the ordinary course of business;

**“Board of Directors”** means the Directors of the Company;

**“Connection”** means the existence of labour relations, business or professional relations generally or control, as well as acting as an Officer, other than as a Director appointed to serve as an External Director in a company which intends to undergo an initial public offering.

**“Control”** means the ability to direct the activity of a company, excluding an ability deriving merely from holding an office of director or another office in such a company, while a Person shall be presumed to control a company if he holds fifty percent (50%) or more of the voting rights of such company or holds the right to appoint or dismiss more than half of the directors of such company or its general manager or president;

**"Control Block"** means Shares conferring twenty-five percent or more of the voting rights with respect to a Resolution of Shareholders of the Company;

**“Controlling Shareholder”** means a Person having Control over the Company;

**“Court”** means the High Court of the British Virgin Islands;

**"Debentures Company"** a company which its debt obligations are registered for trade on TASE or have been offered to the public in Israel in accordance to a prospectus, or have been offered to the public outside Israel in accordance to a public offering form required in accordance to the law outside Israel, and are held by the public.

**“Director”** means a member of the Board of Directors of the Company who is either an External Director or Non-External Independent Director or Non- External and Non-Independent Director;

**“Distribution”** means the direct or indirect transfer of an asset, other than Shares, to or for the benefit of a Shareholder in relation to Shares held by a Shareholder, or the incurring of a debt to or for the benefit of a Shareholder in relation to Shares held by a Shareholder, and whether by means of a purchase of an asset, the redemption or other acquisition of Shares, a distribution of indebtedness or otherwise, and includes a dividend.

**“Enforcement measures”** – means measures which may be imposed by the Administrative Enforcement Committee, which include, the following: financial sanctions, payments to the parties injured by the violation, taking measures to correct the violation and to prevent its repetition, prohibition against serving as an Officer in an Israeli company, revocation or suspension of a license, approval or permit granted by an Israeli public authority;

**"External Director"** means a Director appointed as such by Resolution of Shareholders or by Resolution of Directors after the Audit Committee has confirmed that all of the conditions stated in Regulations 10.3 -10.8 have been met and whose gender, special expertise, term in office, remuneration, manner of removal/dismissal, and limitation after tenure are governed in accordance to Regulations 10.1, 10.4, 10.9, 10.8, 10.11-10.14, and 10.16, accordingly.

**“Extraordinary Transaction”** means in relation to a company, a Transaction that: (i) is not in the ordinary course of such company’s business; or (ii) is not on market terms; or (iii) may have a substantial effect on such company’s profitability, property or obligations;

**“Financial Statements Committee”**: shall have the meaning assigned to that term in Regulation 30.1

**“Holding” and “Purchase”** : includes in relation to Securities, voting power and the like; whether alone or with others, directly or indirectly, through a trustee or a trust company; or in any other manner, and (i) in case of Holding by a company, also by its Subsidiary or by an Associated Company, and (ii) in case of Holding by an individual, the individual and his Relatives who live with him or whose livelihood depends on each other, are deemed one person;

**“Holding or Purchase of Securities Together with Others”**: the Holding or Purchase of Securities in cooperation between two or more persons according to an agreement, whether written or verbal; without derogating from the generality of the aforesaid, the following shall prima facie be deemed to be Holding Securities jointly: (i) a company that holds or purchases Securities together with a party which is an Interested Party in such company or with an associate; (ii) a Person whose business is the Holding or trading of Securities on behalf of others, together with his customer or with his Relative who does not live with him, the livelihood of the one not depending on the other, for whom he holds and manages Securities under a power of attorney granting him discretion with respect to the use of the voting power;

**“Interested Party”** means in relation to a company, a Substantial Shareholder of such company or a Person with authority to appoint one or more Directors or the general manager or president and a person acting as Director, general manager or president of such company;

**“Internal Auditor”** shall have the meaning assigned to that term in Regulation 26.1 of the Articles;

**“ISA”** means the Israel Securities Authority;

**“Judgment”** means a judgment of the first instance by a court in Israel.

**“Means of Control”** means in relation to a company, each of the following: (i) the right to vote in the general meeting of such company or a corresponding body of another company; (ii) the right to appoint directors of such company, its general manager or its president;

**“Non-External Independent Director”** means a Director appointed as such by Resolution of Shareholders or by Resolution of Directors after the Audit Committee has confirmed that all of the conditions stated in Regulations 10.3-10.8 (apart from being a resident of the state of Israel which is not required) have been met and whose remuneration, manner of removal/dismissal, and limitation after tenure are governed in accordance to Regulations 10.8, 9.7-9.10 and 10.11-10.14, and 10.16, accordingly. A Non-External

Independent Director will not serve as a Director in the Company for a period longer than nine years, in regards to this - ceasing to serve as Director for a period which isn't longer than two years will not be considered as stopping the sequence of directorship.

**"Non-External and Non-Independent Director"** means any Director of the Company who is neither an External Director nor a Non-External Independent Director.

**"Officer"** means any president, general manager, chief executive officer, deputy general manager, vice president or any other person fulfilling such duties for and on behalf of the Company with the Company even if he has a different title from those stated above or any Director, or any other manager directly subordinated to the general manager or the president;

**"Other Body Corporate"** means a body corporate in which the Controlling Shareholder is, on the date of appointment or during the two years prior thereto, the company or a Controlling Shareholder therein;

**"Person"** mean individuals, the estates of deceased individuals, unincorporated associations of persons and all legal entities capable of having a legal existence;

**"Personal Interest"** means in relation to a company, a Person's personal interest in an act or a Transaction of such company, including the personal interest of his Relative and of another company in which he or his Relative is an Interested Party, except for a personal interest which derives from the mere fact of Holding shares in such company, and including a personal interest of a Person voting in accordance to a proxy given to him by another Person, even though the other Person has no personal interest, and voting by a Person who was given a proxy by another person who has a personal interest, will be considered as voting by the Person who has a personal interest, all whether the discretion in regards to the voting is granted to the Person voting or not;

**"Private Company"** means a company which is not a Public Company;

**"Professional Qualifications"** shall mean in relation to an individual, an individual satisfying one of the following conditions: (i) holder of an academic degree in one of the following professions: economics, business management, accounting, law, public administration; (ii) holder of another academic degree or having completed other studies of higher education, all in the Company's principal area of activity or in the field relevant to the position; (iii) having experience of at least five (5) years in one of the following, or having cumulative experience of at least five (5) years in two or more of the following: (a) a senior position in the business management area of a company with a substantial scope of business; (b) in a senior public office or in a senior office in the public service; (c) in a senior office in the Company's principal areas of activity.

**"Public Company"** means a company which shares are registered for trade on TASE, or have been offered to the public Israel, in accordance to a prospectus, or have been offered to the public outside Israel in accordance to a public offering form required in accordance to the law outside Israel, and are held by the public;



**“Purchase of Securities”** means any acquisition of the Company’s Securities, including but not limited to an acquisition of the Company’s Securities by way of allotment when the Securities are first issued;

**“Remuneration Committee”** shall have the meaning assigned to that term in Regulation 15.

**“Remuneration Policy”** means a policy regarding the terms of tenure and employment of Officers of the Company.

**“Relative”** means spouse, partner, sibling, parent, grandparent, offspring, and offspring, sibling or parent of a spouse or partner, or spouse or partner of a sibling, parent, grandparent and offspring, or spouse or partner of an offspring, sibling or parent of a spouse or partner.

**“Retirement Grant”** – means a grant, payment, remuneration, compensation or any other benefit provided to Officers in connection with the conclusion of their position at the Company;

**“Resolution of Directors” means**

(a) a resolution approved at a duly constituted meeting of Directors or of a committee of Directors of the Company, by affirmative vote of a majority of the Directors present at the meeting who voted and did not abstain; or

(b) a resolution consented to in writing by all the Directors of the Company or all the members of the committee, as the case may be;

**“Resolution of Shareholders” means**

(a) a resolution approved at a duly constituted meeting of the Shareholders of the Company by the affirmative vote of a simple majority, of the votes of the Shares that were present at the meeting and entitled to vote thereon and were voted and did not abstain, or

(b) a resolution consented to in writing by a majority of the votes of Shares entitled to vote thereon.

**“Securities”** means shares, debt obligations of every kind, and includes options, warrants and rights to acquire shares;

**“Seal”** means any seal which has been duly adopted as the common seal of the Company;

**“Share”** means a share issued or to be issued by the Company;

**“Shareholder”** means a Person who holds a Share in the Company;

**“Subsidiary”** shall mean in relation to a company, a company in which another company holds fifty percent (50%) or more of the nominal value of its issued share capital or of the voting power therein or is entitled to appoint half or more of the directors, its general manager or its president;

**"Substantial Shareholder"** means in relation to a company, a Person holding five percent (5%) or more of such company's issued share capital or of such company's voting rights;

**"Substantial Act"** means an act which may materially affect the Company's profitability, assets or liabilities;

**"TASE"** means the Tel Aviv Stock Exchange Ltd.;

**"Terms of Tenure and Employment of an Officer "**– means the terms of tenure and employment of an Officer, including the granting of an exemption, insurance, undertaking to indemnify or indemnification under an indemnification permit, Retirement Grant, and any benefit, other payment or obligation for payment as aforesaid, payable for tenure or employment as stated;

**"Transaction"** a contract or agreement as well as a unilateral decision on the part of a company in respect of the grant of a right or other benefit; and

**"Written"** or any term of like import includes information generated, sent, received or stored by electronic, electrical, digital, magnetic, optical, electromagnetic, biometric or photonic means, including electronic data interchange, electronic mail, telegram, telex or telecopy, and **"in writing"** shall be construed accordingly.

- 1.2 In the Memorandum and Articles, unless the context otherwise requires a reference to:
- (a) a **"Clause"** is a reference to a clause of the Memorandum;
  - (b) a **"Regulation"** is a reference to a regulation of the Articles;
  - (c) the singular includes the plural and vice versa and the masculine shall include the feminine and neuter .
- 1.3 Headings are inserted for convenience only and shall be disregarded in interpreting the Memorandum and Articles.

## **REGISTERED SHARES**

- 2.1 Every Shareholder is entitled to a certificate signed by a director of the Company or under the Seal specifying the number of Shares held by him and the signature of the Director and the Seal may be facsimiles.
- 2.2 Any Shareholder receiving a certificate shall indemnify and hold the Company and its Directors and Officers harmless from any loss or liability which it or they may incur by reason of any wrongful or fraudulent use or representation made by any Person by virtue of the possession thereof. If a certificate for Shares is worn out or lost it may be renewed on production of the worn out certificate or on satisfactory proof of its loss together with such indemnity as may be required by a Resolution of Directors.

- 2.3 If several Persons are registered as joint holders of any Shares, any one of such Persons may give an effectual receipt for any Distribution.

## **SHARES**

- 3.1 Shares and other Securities may be issued at such times, to such Persons, for such consideration and on such terms as the Directors may by a Resolution of Directors determine.
- 3.2 A Share may be issued for consideration in any form, including money, a promissory note, real property, personal property (including goodwill and know-how) or a contract for future services.
- 3.3 No Shares may be issued for a consideration other than money unless the Directors have passed a Resolution of Directors stating:
- (a) the amount to be credited for the issue of the Shares;
  - (b) their determination of the reasonable present cash value of the non-money consideration for the issue; and
  - (c) that, in their opinion, the present cash value of the non-money consideration for the issue is not less than the amount to be credited for the issue of the Shares.
- 3.4 The Company shall keep a register (the “**register of members**”) containing:
- (a) the names and addresses of the Persons who hold Shares;
  - (b) the number of each class and series of Shares held by each Shareholder;
  - (c) the date on which the name of each Shareholder was entered in the register of members; and
  - (d) the date on which any Person ceased to be a Shareholder.
- 3.5 The register of members may be in any such form as the Directors may approve, but if it is in magnetic, electronic or other data storage form, the Company must be able to produce legible evidence of its contents. Until the Directors otherwise determine, the magnetic, electronic or other data storage form shall be the original register of members.
- 3.6 A Share is deemed to be issued when the name of the Shareholder is entered in the register of members.

## **REDEMPTION OF SHARES AND TREASURY SHARES**

- 4.1 The Company may purchase, redeem or otherwise acquire and hold its own Shares save that the Company may not purchase, redeem or otherwise acquire its own Shares without

the consent of Shareholders whose Shares are to be purchased, redeemed or otherwise acquired unless the Company is permitted by the Act or any other provision in the Memorandum or Articles to purchase, redeem or otherwise acquire the Shares without their consent.

- 4.2 The Company may only offer to acquire Shares if at the relevant time the Directors by Resolution of Directors determine that immediately after the acquisition the value of the Company's assets will exceed its liabilities and the Company will be able to pay its debts as they fall due.
- 4.3 Shares that the Company purchases, redeems or otherwise acquires may be cancelled or held as Treasury Shares except to the extent that such Shares are in excess of 50 percent of the issued Shares in which case they shall be cancelled but they shall be available for reissue.
- 4.4 All rights and obligations attaching to a Treasury Share are suspended and shall not be exercised by the Company while it holds the Share as a Treasury Share.
- 4.5 Treasury Shares may be disposed of by the Company on such terms and conditions (not otherwise inconsistent with the Memorandum and Articles) as the Company may by Resolution of Directors determine.
- 4.6 Where Shares are held by another body corporate of which the Company holds, directly or indirectly, shares having more than 50 per cent of the votes in the election of Directors of the other body corporate, all rights and obligations attaching to the Shares held by the other body corporate are suspended and shall not be exercised by the other body corporate.

### **MORTGAGES AND CHARGES OF SHARES**

- 5.1 Shareholders may mortgage or charge their Shares.
- 5.2 There shall be entered in the register of members at the written request of the Shareholder:
  - (a) a statement that the Shares held by him are mortgaged or charged;
  - (b) the name of the mortgagee or chargee; and
  - (c) the date on which the particulars specified in subparagraphs (a) and (b) are entered in the register of members.
- 5.3 Where particulars of a mortgage or charge are entered in the register of members, such particulars may be cancelled:
  - (a) with the written consent of the named mortgagee or chargee or anyone authorised to act on his behalf; or

- (b) upon evidence satisfactory to the Directors of the discharge of the liability secured by the mortgage or charge and the issue of such indemnities as the Directors shall consider necessary or desirable.
- 5.4 Whilst particulars of a mortgage or charge over Shares are entered in the register of members pursuant to this Regulation:
  - (a) no transfer of any Share the subject of those particulars shall be effected;
  - (b) the Company may not purchase, redeem or otherwise acquire any such Share; and
  - (c) no replacement certificate shall be issued in respect of such Shares,
  - (d) without the written consent of the named mortgagee or chargee.

### **FORFEITURE**

- 6.1 Shares that are not fully paid on issue are subject to the forfeiture provisions set forth in this Regulation and for this purpose Shares issued for a promissory note or a contract for future services are deemed to be not fully paid.
- 6.2 A written notice of call specifying the date for payment to be made shall be served on the Shareholder who defaults in making payment in respect of the Shares.
- 6.3 The written notice of call referred to in Regulation 6.2 shall name a further date not earlier than the expiration of 14 days from the date of service of the notice on or before which the payment required by the notice is to be made and shall contain a statement that in the event of non-payment at or before the time named in the notice the Shares, or any of them, in respect of which payment is not made will be liable to be forfeited.
- 6.4 Where a written notice of call has been issued pursuant to Regulation 6.3 and the requirements of the notice have not been complied with, the Directors may, at any time before tender of payment, forfeit and cancel the Shares to which the notice relates.
- 6.5 The Company is under no obligation to refund any moneys to the Shareholder whose Shares have been cancelled pursuant to Regulation 6.4 and that Shareholder shall be discharged from any further obligation to the Company.

### **TRANSFER OF SHARES**

- 7.1 Shares may be transferred by a written instrument of transfer signed by the transferor and containing the name and address of the transferee, which shall be sent to the Company at the office of its registered agent for registration.
- 7.2 The Company shall, on receipt of an instrument of transfer complying with Regulation 7.1 enter the name of the transferee of a Share in the register of members unless the Directors resolve to refuse or delay the registration of the transfer for reasons that shall be specified

in a Resolution of Directors. The Directors may not resolve to refuse or delay the transfer of a Share unless the Shareholder has failed to pay an amount due in respect of the Share.

- 7.3 The transfer of a Share is effective when the name of the transferee is entered on the register of members.
- 7.4 If the Directors are satisfied that an instrument of transfer relating to Shares has been signed but that the instrument has been lost or destroyed, they may resolve by a Resolution of Directors:
- (a) to accept such evidence of the transfer of Shares as they consider appropriate; and
  - (b) that the transferee's name should be entered in the register of members notwithstanding the absence of the instrument of transfer.
- 7.5 Subject to the Memorandum, the personal representative of a deceased Shareholder may transfer a Share even though the personal representative is not a Shareholder at the time of the transfer.

## **MEETINGS AND CONSENTS OF SHAREHOLDERS**

- 8.1 Any Director of the Company may convene meetings of the Shareholders at such times and in such manner and places within or outside the British Virgin Islands as the Director considers necessary or desirable.
- 8.2 Upon the written request of Shareholders entitled to exercise 30 per cent or more of the voting rights in respect of the matter for which the meeting is requested the Directors shall convene a meeting of Shareholders.
- 8.3 The Director convening a meeting shall give not less than 7 days' notice of a meeting of Shareholders to those Shareholders whose names on the date the notice is given appear as Shareholders in the register of members of the Company and are entitled to vote at the meeting and to the other Directors.
- 8.4 The Director convening a meeting of Shareholders may fix as the record date for determining those Shareholders that are entitled to vote at the meeting the date notice is given of the meeting, or such other date as may be specified in the notice, being a date not earlier than the date of the notice.
- 8.5 A meeting of Shareholders held in contravention of the requirement to give notice is valid if Shareholders holding at least 90 per cent of the total voting rights on all the matters to be considered at the meeting have waived notice of the meeting and, for this purpose, the presence of a Shareholder at the meeting shall constitute waiver in relation to all the Shares which that Shareholder holds.
- 8.6 The inadvertent failure of a Director who convenes a meeting to give notice of a meeting to a Shareholder or another Director, or the fact that a Shareholder or another Director has not received notice, does not invalidate the meeting.

- 8.7 A Shareholder may be represented at a meeting of Shareholders by a proxy who may speak and vote on behalf of the Shareholder.
- 8.8 The instrument appointing a proxy shall be produced at the place designated for the meeting before the time for holding the meeting at which the person named in such instrument proposes to vote. The notice of the meeting may specify an alternative or additional place or time at which the proxy shall be presented.
- 8.9 The instrument appointing a proxy shall be in substantially the following form or such other form as the chairman of the meeting shall accept as properly evidencing the wishes of the Shareholder appointing the proxy.

<p style="text-align: center;"><b>MRR Thirteen Limited</b></p> <p>I/We being a Shareholder of the above Company HEREBY APPOINT .....          ..... of ..... or failing him .....          of ..... to be my/our proxy to vote for me/us at the meeting          of Shareholders to be held on the ..... day of ....., 20..... and at any          adjournment thereof.</p> <p>(Any restrictions on voting to be inserted here.)</p> <p>Signed this ..... day of ....., 20.....          .....          Shareholder</p>
---

- 8.10 The following applies where Shares are jointly owned:
- (a) if two or more persons hold Shares jointly each of them may be present in person or by proxy at a meeting of Shareholders and may speak as a Shareholder;
  - (b) if only one of the joint owners is present in person or by proxy he may vote on behalf of all joint owners; and
  - (c) if two or more of the joint owners are present in person or by proxy they must vote as one.
- 8.11 A Shareholder shall be deemed to be present at a meeting of Shareholders if he participates by telephone or other electronic means and all Shareholders participating in the meeting are able to hear each other.
- 8.12 A meeting of Shareholders is duly constituted if, at the commencement of the meeting, there are present in person or by proxy not less than 50 per cent of the votes of the Shares or class or series of Shares entitled to vote on Resolutions of Shareholders to be considered at the meeting. A quorum may comprise a single Shareholder or proxy and then such

person may pass a Resolution of Shareholders and a certificate signed by such person accompanied where such person be a proxy by a copy of the proxy instrument shall constitute a valid Resolution of Shareholders.

- 8.13 If within two hours from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Shareholders, shall be dissolved; in any other case it shall stand adjourned to the next business day in the jurisdiction in which the meeting was to have been held at the same time and place or to such other time and place as the Directors may determine, and if at the adjourned meeting there are present within one hour from the time appointed for the meeting in person or by proxy not less than one third of the votes of the Shares or each class or series of Shares entitled to vote on the matters to be considered by the meeting, those present shall constitute a quorum but otherwise the meeting shall be dissolved.
- 8.14 At every meeting of Shareholders, the Chairman of the Board shall preside as chairman of the meeting. If there is no Chairman of the Board or if the Chairman of the Board is not present at the meeting, the Shareholders present shall choose one of their number to be the chairman. If the Shareholders are unable to choose a chairman for any reason, then the person representing the greatest number of voting Shares present in person or by proxy at the meeting shall preside as chairman failing which the oldest individual Shareholder or representative of a Shareholder present shall take the chair.
- 8.15 The Chairman may, with the consent of the meeting, adjourn any meeting from time to time, and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- 8.16 At any meeting of the Shareholders the Chairman is responsible for deciding in such manner as he considers appropriate whether any resolution proposed has been carried or not and the result of his decision shall be announced to the meeting and recorded in the minutes of the meeting. If the chairman has any doubt as to the outcome of the vote on a proposed resolution, he shall cause a poll to be taken of all votes cast upon such resolution. If the Chairman fails to take a poll then any Shareholder present in person or by proxy who disputes the announcement by the Chairman of the result of any vote may immediately following such announcement demand that a poll be taken and the chairman shall cause a poll to be taken. If a poll is taken at any meeting, the result shall be announced to the meeting and recorded in the minutes of the meeting.
- 8.17 Subject to the specific provisions contained in this Regulation for the appointment of representatives of Persons other than individuals the right of any individual to speak for or represent a Shareholder shall be determined by the law of the jurisdiction where, and by the documents by which, the Person is constituted or derives its existence. In case of doubt, the Directors may in good faith seek legal advice from any qualified person and unless and until a court of competent jurisdiction shall otherwise rule, the Directors may rely and act upon such advice without incurring any liability to any Shareholder or the Company.



- 8.18 Any Person other than an individual which is a Shareholder may by resolution of its Directors or other governing body authorise such individual as it thinks fit to act as its representative at any meeting of Shareholders or of any class of Shareholders, and the individual so authorised shall be entitled to exercise the same rights on behalf of the Person which he represents as that Person could exercise if it were an individual.
- 8.19 The Chairman of any meeting at which a vote is cast by proxy or on behalf of any Person other than an individual may call for a notarially certified copy of such proxy or authority which shall be produced within 7 days of being so requested or the votes cast by such proxy or on behalf of such Person shall be disregarded.
- 8.20 Directors of the Company may attend and speak at any meeting of Shareholders and at any separate meeting of the holders of any class or series of Shares.
- 8.21 An action that may be taken by the Shareholders at a meeting may also be taken by a Resolution of Shareholders consented to in writing, without the need for any notice, but if any Resolution of Shareholders is adopted otherwise than by the unanimous written consent of all Shareholders, a copy of such resolution shall forthwith be sent to all Shareholders not consenting to such resolution. The consent may be in the form of counterparts, each counterpart being signed by one or more Shareholders. If the consent is in one or more counterparts, and the counterparts bear different dates, then the resolution shall take effect on the earliest date upon which Persons holding a sufficient number of votes of Shares to constitute a Resolution of Shareholders have consented to the resolution by signed counterparts.

## **DIRECTORS**

- 9.1 The first directors of the Company shall be appointed by the first registered agent within 180 days of the incorporation of the Company; and thereafter, the Directors shall be elected by Resolution of Shareholders or by Resolution of Directors for such term as the Shareholders or directors determine.
- 9.2 Subject to Regulation 9.1, no person shall be appointed as a director of the Company unless the following is disclosed to the Directors of the Company if appointment is to take place by way of Resolution of Directors or the Shareholders of the Company if the appointment shall take place by way of Resolution of Shareholders in the form of a written declaration (the "Declaration") :
- (a) whether the Person has been convicted by a Judgment of an offense stated in Regulation 9.3(a) where the period has not yet passed in which the person is prevented from being appointed as a director under Regulation 9.3(a);
  - (b) whether the Person has been convicted by a Judgment of an offense as stated in Regulation 9.3(b), where the period determined by the court under the same Regulation 9.3(b) has not yet passed;
  - (c) whether the Administrative Enforcement Committee imposed Enforcement Measures which prohibits the Person from serving as a director of any Public

Company or any Private Company which is a Debentures Company and the period determined by the Administrative Enforcement Committee as stated has not yet passed under Regulation 9.3(c).

The Declaration shall be kept at the registered office of the Company.

9.3 (a) A person convicted by a Judgment of one of the following offenses shall not hold office as a director in the Company unless five years have passed since the date on which the Judgment by which he was convicted was given:

(i) Offenses of: (1) bribery , (2) theft of company property by a manager of the company, (3) obtaining anything by deceit, (4) forgery, (5) use of a forged document, (6) inducement by deceit, (7) false registration in documents of a company, (8) offenses by managers or employees of a company, (9) failure to disclose information and misleading publication by an officer of a company, (10) deceit and breach of trust in a company, (11) deceitful concealment (12) blackmail with use of force, (13) blackmail by threats, (14) use of information by an insider, (15) use of inside information the source of which is an insider, (16) offer and sale of securities to the public in Israel not in accordance to a prospectus or a draft prospectus, (17) causing a misleading item to be included in a draft prospectus or in a prospectus, (18) causing a misleading item to be included in information presented at a meeting of the company's employees, (19) issuing an opinion, report or certification which is subsequently included or referred to in a prospectus, report, notice or purchase offer specification, knowing that the opinion , report or certification contained a misleading item, (20) causing a report, notice, registration document or purchase offer specification, submitted to Israel Securities Authority or TASE to contain a misleading item, (21) including a misleading item in one of its reports, publications or in other information provided by it (22) fraud in connection with securities; or

(ii) Conviction by a court anywhere in the world of the offenses of bribery, deceit, offenses by managers of a corporate body or offenses involving misuse of inside information.

(b) A person convicted by a Judgment which is not listed in Regulation 9.3 (a) above shall not hold office as a director in the Company, if a court has determined that by virtue of the substance, severity or circumstances, the Person is not permitted to serve as a director of a Public Company or a Private Company which is a Debentures Company for a period determined by the court which shall not exceed five years from the date on which the Judgment was given.

(c) Where the Administrative Enforcement Committee has imposed a means of enforcement on a Person preventing the said Person from serving as a director of a Public Company or a Private Company which is a Debentures Company, the same person shall not be appointed as director of the Company in which the person is prohibited from serving as a director based on the same decision.

(d) A minor, a legally incompetent, or a person who was declared bankrupt shall not be appointed as a Director, as long as he has not been discharged, nor a corporation that resolved on voluntary liquidation or against which a liquidation order was issued.

- (e) If the content of subsection (d) applies to a candidate for the office of a Director, he shall disclose that to the appointer.
- 9.4 As of the date in which the Company became a Debentures Company, the minimum number of directors shall be four and the maximum number shall be 12. Subject to Regulation 10.2 hereunder, the Company shall at all times have at least two External Directors.
- 9.5 Each Director holds office for the term, if any, fixed by the resolution appointing him , or until his earlier death, resignation or removal save for External Directors and Non-External Independent Directors whose term in office is outlined in Regulation 10.9 and 1.1 respectively. If no term is fixed on the appointment of a Director, the Director serves indefinitely until his earlier death, resignation or removal.
- 9.6 No Person shall be appointed as a Director of the Company unless he has consented in writing to act as a Director.
- 9.7 A Director may be removed from office,
- (a) with or without cause, by a resolution passed at a meeting of Shareholders called for purposes including the removal of the Director or by a written resolution passed by a least seventy five per cent of the Shareholders of the Company entitled to vote; or
  - (b) with cause, by a resolution passed at a meeting of Directors called for purposes including the removal of the Director.
- 9.8 If the Company becomes aware that a Director was appointed contrary to the provisions of Regulations 9.2 - 9.3, or that a Director has breached the provisions of Regulations 9.3 or 9.9, the Directors or Shareholders shall terminate the office of such Director in the manner described in Regulation 9.7 above, if it finds that the said conditions are fulfilled, and such office shall expire on the date of such resolution. Additional requirements for the removal of an External Director are outlined in Regulation 10.
- 9.9 If after his appointment as a director of the Company, a Director has been convicted of an offense provided in Regulations 9.3(a) or 9.3(b), the Person shall inform the Company as soon as is reasonably practicable and the Person's office shall be terminated by the Directors or Shareholders of the Company in accordance with Regulation 9.7, and it shall not be possible to reappoint the said person as a Director unless the time period during which the Person is prohibited from serving as a Director, as provided in Regulation 9.3, has passed.
- 9.10 If after his appointment as a director of the Company, the Administrative Enforcement Committee has resolved to impose means of enforcement on a Person preventing the Person from being appointed as a director in any Public Company, any Private Company which is a Debentures Company or in the company in which the person is appointed as provided in Regulation 9.3(c), the said Person shall notify the Company as soon as is reasonably practicable thereof and the Person's office shall be terminated by the Directors

or Shareholders of the Company in accordance with Regulation 9.7, and the Person will not be permitted to be reappointed as a Director in the Company in which the said prohibition applies, unless the prohibition period as stated by the Administrative Enforcement Committee has passed.

- 9.11 A Director may resign his office by giving written notice of his resignation to the Board of Directors, to the Chairman of the Board of Directors or to the Company and the resignation has effect from the date the notice is received by the Company from such later date as may be specified in the notice. The Director shall give the reasons for his resignation. When a notice of a Director's resignation is received, the resignation and the reasons given for it shall be brought before the Board of Directors and recorded in the minutes of the first Board of Directors' meeting convened after the resignation. In addition to the requirements outlined in Regulations 9.3, 9.8, 9.9 and 9.10, a Director shall resign forthwith as a Director if he is, or becomes, disqualified from acting as a Director under the Act.
- 9.11A A Director with respect of whom a condition required under these Articles for his office as a Director is no longer complied with or with respect of whom there is a ground for the termination of his office as a Director shall immediately inform the company accordingly and his office shall terminate on the notice delivery date.
- 9.12 The Directors may at any time appoint any Person to be a Director either to fill a vacancy or as an addition to the existing Directors. Where the Directors appoint a Person as Director to fill a vacancy, the term shall not exceed the term that remained when the Person who has ceased to be a Director ceased to hold office.
- 9.13 A vacancy in relation to Directors occurs if a Director dies or otherwise ceases to hold office prior to the expiration of his term of office.
- 9.14 The Company shall keep a register of Directors containing:
- (a) the names and addresses of the persons who are Directors of the Company;
  - (b) the date on which each person whose name is entered in the register was appointed as a Director of the Company;
  - (c) the date on which each person named as a Director ceased to be a Director of the Company; and
  - (d) such other information as may be prescribed by the Act.
- 9.15 The register of Directors may be kept in any such form as the Directors may approve, but if it is in magnetic, electronic or other data storage form, the Company must be able to produce legible evidence of its contents. Until a Resolution of Directors determining otherwise is passed, the magnetic, electronic or other data storage shall be the original register of Directors.
- 9.16 A Director is not required to hold a Share as a qualification to office.

- 9.17 Without derogating from the provisions of any law, in each of the following cases, a Director's term of office shall be terminated before the end of the period for which he was appointed: (1) He resigned or was dismissed as stated in Regulations 9.7, 9.8 and 9.11; (2) On the date of rendering a conviction notice, as stated in Regulation 9.9; (3) On the date of rendering a notice of imposing measures of enforcement, as stated in Section 9.10; (4) He was declared bankrupt, and if he is a corporation – he decided on voluntary liquidation or a liquidation order was issued against him; (5) On the date of rendering a notice under Regulation 9.11A or 10.11;
- 9.18 If a Director breached his duty of disclosure under Regulations 9.2, 9.11A, 9.3(e), 9.9, 9.10 or 10.11, he shall be deemed to have breached his fiduciary duty to the company.

### **EXTERNAL DIRECTORS**

- 10.1 If on the date of appointment of an External Director, all members of the Board of Directors of the Company which are not Controlling Shareholders or Relatives thereof are of one gender, the External Director appointed shall be of the other gender.
- 10.2 The first External Directors shall be appointed no later than three months from the date in which the Company became a Debentures Company.
- 10.3 An External Director will be appointed by Resolution of Shareholders or by Resolution of Directors only after the date on which the said nominee has provided a written declaration in accordance with Regulation 9.2 in which the said nominee declares that all of the conditions stated in regulations 10.4, 10.5 and 10.6 have been met and the Audit Committee has confirmed that all of the conditions stated in Regulations 10.4, 10.5 and 10.6 have been met.
- 10.4 Only an individual who is a resident of Israel and who is qualified for appointment as a director (in accordance to Regulations 9.2-9.3 above) shall be appointed as an External Director and that individual shall either possess Professional Qualifications or Accounting and Financial Expertise. At least one of the External Directors shall possess Accounting and Financial Expertise.
- 10.5 The following individuals shall not be appointed as an External Director of the Company:
- (a) An individual may not be appointed as an External Director where the individual himself, or whose Relative, partner, employer, person who he is directly or indirectly subject to or a corporation in which he has Control, has a Connection with the Company or with a Controlling Shareholder of the Company or a Relative thereof on the date of appointment or during the two years prior thereto, or to another body corporate, and for a corporation which does not have a Controlling Shareholder or a person holding a Control Block – any Connection to a Person who is, on the date of appointment, the chairman of the Board of Directors of the Company, the general manager, the president, a Substantial Shareholder or the most senior financial Officer.

- (b) An individual may not be appointed as an External Director if the said individual's other position or business does or may give rise to a conflict of interest with the role of director of the Company, or if this might harm the individual's ability to act as a Director;
  - (c) A director of a company shall not be appointed as an External Director of another company if at such time, a director of the other company is acting as an External Director of the Company;
  - (d) An individual shall not be appointed as an External Director if the said individual is an employee of ISA or TASE.
- 10.6 Without derogating from the provisions of Regulation 10.5 above, an individual shall not be appointed as an External Director where the individual himself, or whose Relative, partner, employer, person who he is directly or indirectly subject to or a corporation in which he has Control, has business or professional relationship to a Person which is prohibited from having a connection thereto under the provisions of Regulation 10.5 above, even if such relationships are not general, with the exception of negligible Connections, and an individual who has received consideration in violation with the provisions of Regulation 10.8. Where the said relationship exists or where consideration, as stated, was received during the tenure of the External Director, the foregoing shall be considered, for the purpose of Regulations 10.11- 10.14 to be a breach of one of the conditions required for the appointment or tenure as an External Director.
- 10.7 On each and every committee authorized to exercise any of the powers of the Board of Directors (in so far as the Act or these Articles permit) at least one External Director shall serve.
- 10.8 An External Director is entitled to remuneration and to a refund of expenses. An External Director shall not receive, in addition to the remuneration to which he is entitled and refund of expenses, any other consideration, directly or indirectly, for acting as a director of the Company. For the purposes of this Regulation, consideration shall not include the grant of an exemption, an undertaking to indemnify, indemnification or insurance.
- 10.9 The term of office of an External Director shall be three years, and the Company may, notwithstanding the provisions of Regulation 10.5 above, appoint the External Director for two additional terms of three years each.
- 10.10 An External Director shall only be dismissed and his tenure shall only expire in accordance with the provisions of Regulations 10.11-10.14 furthermore and –the Court may, on the request of the Company, a Director, Shareholder or creditor, order the termination of the tenure of an External Director if it has found that one of the following prevails: (1) the External Director is permanently unable to fulfill his function; (2) during the term of his tenure he was found guilty in a court outside Israel of offenses referred to in Regulation 9.3;

- 10.11 An External Director to which the conditions required by Regulations 10.3 – 10.6 to serve as an External Director no longer apply shall immediately notify the Company thereof, and his office shall terminate on the notice delivery date.
- 10.12 Where the Board of Directors becomes aware that there is a suspicion that an External Director no longer complies with one of the conditions required under Regulations 10.3-10.6 above for appointment as an External Director, or that there is a suspicion that the Director has breached a fiduciary duty to the Company, the Board of Directors or Shareholders shall discuss such matter at the first meeting to be convened after becoming so aware.
- 10.13 Where the Board of Directors or Shareholders finds, after giving the External Director a reasonable opportunity to present his position, that the External Director no longer complies with one of the conditions required under Regulations 10.3-10.6 for his appointment or that he has breached a fiduciary duty, the Board of Directors or Shareholders shall convene a meeting to terminate the tenure of the External Director in accordance with Regulation 9.7.
- 10.14 The Court may, on the request of either a Director or a Shareholder, instruct for termination of the tenure of an External Director if it has found that the External Director no longer fulfills one of the conditions required under Regulations 10.3- 10.6 for his appointment as an External Director or that he has breached a fiduciary duty to the Company.
- 10.15 Where the position of External Director becomes vacant and there are no longer two External Directors serving in the Company, the Board of Directors shall fill such vacancy by Resolution of Directors.
- 10.16 The Company, Controlling Shareholder therein and a company controlled thereby shall not grant an individual appointed as an External Director of the same company, the person's spouse or child with any benefit, directly or indirectly, and shall not appoint the said person, the spouse or child thereof as an Officer of the Company or a company under the Control of a Holder of Control therein, shall not hire such person as an employee and shall not receive professional services from such person in return for payment, whether directly or indirectly, including by way of a corporate body controlled by such person, unless two years have elapsed from the termination of his tenure as External Director of such company, and regarding a Relative who is not a spouse or child – one year from the termination of his tenure as External Director.

## **POWERS OF DIRECTORS**

- 11.1 Subject to Regulation 18 and 19, the business and affairs of the Company shall be managed by, or under the direction or supervision of, the Directors of the Company. The Directors of the Company have all the powers necessary for managing, and for directing and supervising, the business and affairs of the Company. The Directors may pay all expenses incurred preliminary to and in connection with the incorporation of the Company and may

exercise all such powers of the Company as are not by the Act or by the Memorandum or the Articles required to be exercised by the Shareholders.

- 11.2 Each Director shall exercise his powers for a proper purpose and shall not act or agree to the Company acting in a manner that contravenes the Memorandum, the Articles or the Act. Each Director, in exercising his powers or performing his duties, shall act honestly and in good faith in what the Director believes to be the best interests of the Company.
- 11.3 If the Company is the wholly owned subsidiary of a holding company, a Director of the Company may, when exercising powers or performing duties as a Director, act in a manner which he believes is in the best interests of the holding company even though it may not be in the best interests of the Company.
- 11.4 Any Director which is a body corporate may appoint any individual as its duly authorised representative for the purpose of representing it at meetings of the Directors, with respect to the signing of consents or otherwise.
- 11.5 The continuing Directors may act notwithstanding any vacancy in their body.
- 11.6 Subject to Regulation 18 and 19, the Directors may by Resolution of Directors exercise all the powers of the Company to incur indebtedness, liabilities or obligations and to secure indebtedness, liabilities or obligations whether of the Company or of any third party.
- 11.7 Subject to Regulation 18 and 19, all cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as shall from time to time be determined by Resolution of Directors.
- 11.8 For the purposes of Section 175 (*Disposition of assets*) of the Act, the Directors may by Resolution of Directors determine that any sale, transfer, lease, exchange or other disposition is in the usual or regular course of the business carried on by the Company and such determination is, in the absence of fraud, conclusive.

### **PROCEEDINGS OF DIRECTORS**

- 12.1 Any one Director of the Company may call a meeting of the Directors by sending a written notice to each other Director.
- 12.2 The Directors of the Company or any committee thereof may meet at such times and in such manner and places within or outside the British Virgin Islands as the Directors may determine to be necessary or desirable.
- 12.3 A Director is deemed to be present at a meeting of Directors if he participates by telephone or other electronic means and all Directors participating in the meeting are able to hear each other
- 12.4 A Director shall be given not less than 3 days' notice of meetings of Directors, but a meeting of Directors held without 3 days' notice having been given to all Directors shall be valid if



all the Directors entitled to vote at the meeting who do not attend waive notice of the meeting, and for this purpose the presence of a Director at a meeting shall constitute waiver by that Director. The inadvertent failure to give notice of a meeting to a Director, or the fact that a Director has not received the notice, does not invalidate the meeting.

- 12.5 A Director may by a written instrument appoint an alternate who need not be a Director and the alternate shall be entitled to attend meetings in the absence of the Director who appointed him and to vote or consent in place of the Director until the appointment lapses or is terminated.
- 12.6 A meeting of Directors is duly constituted for all purposes if at the commencement of the meeting there are present in person or by alternate not less than one-half of the total number of Directors.
- 12.7 At meetings of Directors at which the Chairman of the Board is present, he shall preside as chairman of the meeting. If there is no Chairman of the Board or if the Chairman of the Board is not present, the Directors present shall choose one of their number to be chairman of the meeting.
- 12.8 An action that may be taken by the Directors or a committee of Directors at a meeting may also be taken by a Resolution of Directors or a Resolution of a committee of Directors consented to in writing by all Directors or by all members of the committee, as the case may be, without the need for any notice. The consent may be in the form of counterparts each counterpart being signed by one or more Directors. If the consent is in one or more counterparts, and the counterparts bear different dates, then the resolution shall take effect on the date upon which the last Director has consented to the resolution by signed counterparts.

## **COMMITTEES**

- 13.1 The Directors may by resolution designate one or more committees, each consisting of one or more Directors, and delegate one or more of their powers, including the power to affix the Seal, to the committee.
- 13.2 The Directors have no power to delegate to a committee of Directors any of the following powers:
- (a) to amend the Memorandum or the Articles;
  - (b) to designate committees of Directors;
  - (c) to delegate powers to a committee of Directors;
  - (d) to appoint Directors;
  - (e) to appoint an agent;
  - (f) to approve a plan of merger, consolidation or arrangement; or

- (g) to make a declaration of solvency or to approve a liquidation plan.
- 13.3 Regulations 13.2 (b) and 13.2 (c) do not prevent a committee of Directors, where authorised by the Resolution of Directors appointing such committee or by a subsequent Resolution of Directors, from appointing a sub-committee and delegating powers exercisable by the committee to the sub-committee.
- 13.4 The meetings and proceedings of each committee of Directors consisting of 2 or more Directors shall be governed *mutatis mutandis* by the provisions of the Articles regulating the proceedings of Directors so far as the same are not superseded by any provisions in the Resolution of Directors establishing the committee.
- 13.5 Where the Directors delegate their powers to a committee of Directors they remain responsible for the exercise of that power by the committee, unless they believed on reasonable grounds at all times before the exercise of the power that the committee would exercise the power in conformity with the duties imposed on Directors of the Company under the Act.



#### **AUDIT COMMITTEE**

- 14.1 As of the date in which the Company became a Debentures Company, the Board of Directors shall by a Resolution of Directors appoint an Audit Committee.
- 14.2 There shall be not less than three (3) Persons on the Audit Committee. The members of the Audit Committee shall be chosen from Board of Directors and shall at all times comprise of all appointed External Directors. The majority of Audit Committee members shall be either External Directors or Non-External Independent Directors.
- 14.3 A meeting of the Audit Committee is duly constituted for all purposes if at the commencement of the meeting there are present in person a majority of the members of the Audit Committee save that majority present are either External Directors or Non-External Independent Directors and at least one External Director is present.
- 14.4 The following shall not be members of the Audit Committee:
- (a) the chairman of the Board of Directors;
  - (b) any director employed by the Company or employed by a Holder of Control thereof or by a corporation under the Control of such a Holder of Control;
  - (c) a Director providing services on a permanent basis to the Company,;
  - (d) a holder of control thereof or to a corporation under the control of the said Holder of Control and a Director whose main income relies on a Holder of Control; or
  - (e) a Holder of Control or Relative of such Person.

- 14.5 The chairman of the Audit Committee shall be an External Director.
- 14.6 A Person who is not permitted to be a member of the Audit Committee shall not be present at committee meetings during discussions and decision making, unless the chairman of the Audit Committee determines that the Person is required for the presentation of a certain matter. However, an employee of the Company who is not a Controlling Shareholder or Relative thereof may be present at the Audit Committee meetings during discussions, provided that the resolution is passed in the said person's absence.
- 14.7 Without derogating from Regulation 14.6, the legal advisor and Company secretary who are not Controlling Shareholders or Relatives thereof may be present during the discussion and during decision-making, if so requested by the Audit Committee.
- 14.8 The Internal Auditor of the Company shall receive notices of meetings of the Audit Committee and shall be entitled to participate therein. The Internal Auditor may request that the chairman of the Audit Committee convene the committee to discuss such matters as he may specify in a request, and the chairman of the Audit Committee shall convene the a meeting of the Audit Committee within a reasonable time from the date of the request. A notice of a meeting of the Audit Committee at which a matter relating to the audit of financial reports is to be dealt with shall be sent to the External Auditor, who may participate in the meeting.
- 14.9 The functions of the Audit Committee shall be as follows:
- (a) to locate defects in the Company's business administration, *inter alia*, by consulting with the Company's Internal Auditor or with the External Auditor, and to make proposals to the Board of Directors and provide recommendations to correct such defects. Where the Audit Committee has identified a defect as a material defect, at least one meeting will take place regarding the defect in question, in the presence of the Internal Auditor or the External Auditor, as applicable, in the absence of the Company Officers who are not committee members. Notwithstanding the aforementioned, an Officer may be present for the presentation of a position in a matter that the said Officer is responsible for;
  - (b) to determine, based on detailed reasons, regarding actions as stated in Regulation 17.6, whether they are material or immaterial actions and regarding Transactions as stated in Regulation 17.6 if they are or are not Extraordinary Transactions for the purpose of their approval under these Regulations, and the Audit Committee may decide as stated regarding a type of action or Transaction, based on a standard determined annually in advance;
  - (c) to decide whether to approve actions and Transactions requiring the approval of the Audit Committee under Regulations 17.6 and 19.1 herewith;
  - (d) to review the work plan of the Internal Auditor prior to its submission for approval of the Board of Directors and to propose changes thereto;

- (e) to review the internal audit system in the Company and the role of the Internal Auditor and whether the resources and tools necessary to fulfill its functions are available to the internal auditor, considering, *inter alia*, the special requirements and size of the Company;
- (f) to review the work scope of the External Auditor and the salary thereof, and to provide its recommendations to those who determine its salary; and
- (g) to determine the manners with which complaints of Company employees are handled in connection with faults in managing its business and regarding the defense to be given to employees who have complained as stated.
- (h) to determine, regarding Transactions as stated as stated in Regulation 18.1, even if they are not Extraordinary Transactions, that a competitive process must be maintained under the supervision of the Audit Committee or entity determined for this purpose and under the criteria to be determined, or it must be determined that other proceedings, as determined by the Audit Committee, will be held prior to the engagement in such Transactions – all pursuant to the Transaction type, and criteria may also be determined, in this regard, once a year, in advance.
- (i) to determine the manner of approval of Non-Negligible Transactions, including to determine types of Transactions as stated which require the approval of the Audit Committee; in this regard, a "Non-Negligible Transaction" - a Transaction as stated in the first part of Regulation 18.1, which the Audit Committee has determined, under the provisions of Regulation 14.9(b) abovementioned, that it is not an Extraordinary Transaction and has classified it as a Non-Negligible Transaction, and the Audit Committee may decide regarding classification as stated of a type of transactions based on criteria to be determined once a year, in advance.

## REMUNERATION COMMITTEE

- 15.1 As of the date in which the Company became a Debentures Company, the Board of Directors shall by Resolution of Directors appoint a Remuneration Committee.
- 15.2 There shall be not less than three (3) Persons on the Remuneration Committee. The members of the Remuneration Committee shall be chosen from Board of Directors and shall at all times comprise of all appointed External Directors. The majority of members of the Remuneration Committee shall be External Directors and the rest of the members shall be Directors whose terms of tenure and employment are pursuant to the provisions set forth under Regulation 10.8.
- 15.3 The chairman of the Remuneration Committee shall be an External Director.
- 15.4 The provisions of Regulations 14.4-14.7 shall apply to the Remuneration Committee, *mutatis mutandis*.
- 15.5 The duties of the Remuneration Committee are:
- (a) to provide a recommendation to the Board of Directors regarding the Remuneration Policy for Officers, as defined in Regulation 19.1, and to provide a recommendation thereto, every three years, regarding the approval of the continued validity of the Remuneration Policy determined for a period exceeding three years, as provided in Regulation 19.2;
  - (b) to provide a recommendation to the Board of Directors regarding the update, from time to time, of the Remuneration Policy and to review the implementation thereof;
  - (c) to determine whether to approve Transactions regarding the terms of tenure and employment of Officers requiring the approval of the Remuneration Committee under Regulations 19.5, 19.9 and 18.1;
- 15.6 An Audit Committee which complies with the conditions stipulated in Regulations 15.2 and 15.3, can serve also as a Remuneration Committee.

## OFFICERS AND AGENTS

- 16.1 The Company may by Resolution of Directors appoint Officers of the Company at such times as may be considered necessary or expedient. Such Officers may consist of a Chairman of the Board of Directors, a president and one or more vice-presidents, secretaries and treasurers and such other Officers as may from time to time be considered necessary or expedient. Any number of offices may be held by the same person.
- 16.2 Regulations 9.2, 9.3, 9.8- 9.10 and 9.18 shall apply, *mutatis mutandis*, in regards to Officers that are not Directors.

- 16.3 The president or a Relative of the president may only serve as chairman of the Board of Directors in accordance with the provisions of Regulation 16.4. A person directly or indirectly subordinate to the president may not be appointed as Chairman of the Board of Directors. A director of a corporation under the Control of the Company may be appointed as Chairman of the Board of Directors of the Company.
- 16.4 The Chairman of the Board of Directors of the Company or a Relative thereof shall only be granted the powers of the president in accordance with the provisions of Regulation 16.5 below. The Chairman of the Board of Directors of the Company shall not be granted the authorities given to a person subordinate to the president, directly or indirectly. The Chairman of the Board of Directors of the Company shall not serve in another position in the Company or in a company under the Company's Control, apart from Chairman of the Board of Directors or a director of a corporation controlled by the Company.
- 16.5 Notwithstanding the provisions of Regulation 16.4 above, the Board of Directors may decide that for periods not exceeding three years from the date of passing the resolution referred to in Regulation 16.1 above, the Chairman of the Board of Directors or a Relative thereof shall be authorized to fulfill the role of president or exercise the powers of the president and to authorize that the president or a Relative thereof fulfill the function of the Chairman of the Board of Directors or exercise its powers provided that consent thereto is granted by the Audit Committee.
- 16.6 The Officers shall perform such duties as are prescribed at the time of their appointment subject to any modification in such duties as may be prescribed thereafter by Resolution of Directors. In the absence of any specific prescription of duties it shall be the responsibility of the Chairman of the Board to preside at meetings of Directors and Shareholders, the president to manage the day to day affairs of the Company, the vice-presidents to act in order of seniority in the absence of the president but otherwise to perform such duties as may be delegated to them by the president, the secretaries to maintain the register of members, minute books and records (other than financial records) of the Company and to ensure compliance with all procedural requirements imposed on the Company by applicable law, and the treasurer to be responsible for the financial affairs of the Company.
- 16.7 The emoluments of all Officers shall be fixed in accordance to the provisions of Regulations 19.6-19.12.
- 16.8 The Officers of the Company shall hold office until their successors are duly appointed, but any Officer elected or appointed by the Directors may be removed at any time, with or without cause, by Resolution of Directors or Resolution of Shareholders in accordance with Regulation 9.7, including in accordance to Regulations 9.8-9.10 above which shall apply, mutatis mutandis. Any vacancy occurring in any office of the Company may be filled by Resolution of Directors.
- 16.9 The Directors may, by a Resolution of Directors, appoint any person, including a person who is a Director, to be an agent of the Company. An agent of the Company shall have such powers and authority of the Directors, including the power and authority to affix the Seal, as are set forth in the Articles or in the Resolution of Directors appointing the agent,

except that no agent has any power or authority with respect to the matters specified in Regulation 16.6. The Resolution of Directors appointing an agent may authorise the agent to appoint one or more substitutes or delegates to exercise some or all of the powers conferred on the agent by the Company. The Directors may remove an agent appointed by the Company and may revoke or vary a power conferred on him.

## **CONFLICT OF INTERESTS**

- 17.1 A director of the Company shall, forthwith after becoming aware of the fact that he is interested in a Transaction entered into or to be entered into by the Company, disclose the interest to all other Directors of the Company.
- 17.2 For the purposes of Regulation 17.1 a disclosure to all other Directors to the effect that a Director is a member, director or officer of another named company or has a fiduciary relationship with respect to the company or a named individual and is to be regarded as interested in any Transaction which may, after the date of the entry or disclosure, be entered into with that company or individual, is a sufficient disclosure of interest in relation to that Transaction.
- 17.3 A Director or Officer of the Company in exercising his powers or performing his duties shall act honestly and in good faith and in what the Director or Officer believes to be in the best interest of the Company and shall act with the standard of proficiency with which a reasonable Director or Officer would act in the same position and in the same circumstances, taking into account but without limitation, the nature of the Company, the nature of the decision, the position of the Director or Officer and the nature of the responsibilities undertaken including taking reasonable steps, in consideration of the circumstances of the case, to obtain information relating to the commercial feasibility of an act submitted for his approval or of an act performed by him by virtue of his position, and to obtain all other significant information regarding such acts.
- 17.4 The appointment of a director of the Company with Accounting and Financial Expertise or some other professional qualification shall not change the liability applicable thereto and to the other directors of the Company by virtue of any law.
- 17.5 A Director and Officer shall owe a fiduciary duty to the Company and shall act in good faith and for the benefit of the Company, and:
- (a) shall refrain from any act involving a conflict of interest between the fulfillment of his role in the Company and the fulfillment of any other role or his own personal affairs;
  - (b) shall refrain from any act involving competition with the business of the Company;
  - (c) shall refrain from taking advantage of a business opportunity of the Company in order to obtain a benefit for himself or for another;

- (d) shall disclose all information to the Company and shall provide it with all documents relating to its interest that reach him by virtue of his position with the Company.

The provisions of this Regulation 17.5 shall not preclude a fiduciary duty being owed by a Director and an Officer to another person.

17.6 The Company may by Resolution of Directors approve any of the acts listed in Regulation 17.5, provided that all the following conditions apply:

- (a) The Director or Officer is acting in good faith and neither the act nor the approval of the act prejudices the good of the Company;
- (b) The Director or Officer has disclosed the essence of his personal interest in the act, including any substantial fact or document to the all members of the Board of Directors, a reasonable time before the date for discussion of the approval;
- (c) The Company's approval for acts that are substantial acts shall be given in accordance with the provisions of Regulations 18.1 -18.4 herewith regarding the approval of Extraordinary Transactions. The provisions of Regulations 17.3-17.5 herewith regarding the validity of transactions shall apply, *mutatis mutandis*, to the validity of acts.

17.7 Without derogating from and subject to Section 122 or any other relevant provision of the Act, as long as the Company is a Debenture Company, the following will apply in regards to the duty of care of its Directors and Officers -

- (a) A Director and an Officer owe a duty of care to the company as provided hereunder - If a director does some act which in the circumstances a reasonable prudent director would not do, or fails to do some act which in the circumstances such a director would do, or fails to use such skill or to take such care in the exercise of his office as a reasonable prudent director qualified to exercise such office would in the circumstances use or take, then such act or failure constitutes carelessness; and a director's carelessness as aforesaid in relation to the Company to which he owes a duty in the circumstances not to act as he did constitutes negligence. Any director who causes damage to the Company by his negligence commits a civil wrong. For the purpose of this regulation, every director owes a duty to the Company which, a reasonable director ought in the circumstances to have contemplated as likely in the usual course of things to be affected by an act, or failure to do an act, envisaged by this regulation.
- (b) The provisions of subsection (a) shall not preclude a duty of care being owed by a Director and an Officer to another person.
- (c) A Director and Officer shall act with the standard of proficiency with which a reasonable Director or Officer, in the same position and in the same circumstances, would act; this shall include taking reasonable steps, in view of the circumstances of the case, to obtain information regarding the business expedience of an act



submitted for his approval or of an act done by him by virtue of his position, and to obtain all other pertinent information regarding such acts.

- 17.8 (a) A violation of a fiduciary duty by a Director or an Officer vis-a-vis the company will be, *inter alia* and without derogating from the provisions of the Act, subject to the BVI laws applicable to breach of contract, *mutatis mutandis*.
- (b) Without derogating from the generality of the provisions of subsection (a), a Director or an Officer in breach of a fiduciary duty towards the company shall be considered as a person in breach of his contract with the company.

## **TRANSACTIONS WITH OFFICERS, DIRECTORS AND CONTROLLING SHAREHOLDERS**

- 18.1 An Extraordinary Transaction of the Company with a holder of Control therein, or an Extraordinary Transaction of the Company with another Person that a holder of Control has a Personal Interest in, as well as the engagement of such a company with a holder of Control therein or with a Relative thereof, directly or indirectly, including through a company under his control, regarding the receipt of services by the Company, and if he is an Officer therein – regarding the terms of his office and employment, and if he is an employee of the Company and not an Officer thereof – regarding his employment in the Company, requires the approval of the Audit Committee (and in a Transaction regarding the terms of tenure and employment – the Remuneration Committee) followed by approval of the Board of Directors by a Resolution of Directors and Shareholders by way of a Resolution of Shareholders.
- 18.2 Approval of the Remuneration Committee and approval of the Board of Directors and Shareholders as stated in Regulation 18.1 above, in a Transaction regarding terms of tenure and employment shall be pursuant to the Remuneration Policy. The Remuneration Committee and thereafter the Board of Directors and Shareholders may, in unique circumstances, approve the transaction other than pursuant to the said policy, provided that the provisions of Regulation 19.8 apply. The provisions of this Regulation shall not derogate from the provisions of Regulation 18.1.
- 18.3 The approval of the Audit Committee or the Remuneration Committee, as applicable and the Board of Directors and Shareholders under the provisions of Regulation 18.1 above, shall be given after the Audit Committee and/or the Remuneration Committee, as applicable and the Board of Directors and Shareholder review, *inter alia*, whether the Transaction includes a Distribution. Where the Audit Committee or the Remuneration Committee, as applicable or the Board of Directors has determined that a Transaction includes a Distribution, the Transaction shall only be approved after it is confirmed, for this matter, that the provisions of all laws regarding Distributions are upheld. Where the Audit Committee or the Remuneration Committee, as applicable and the Board of Directors and - in a Transaction regarding terms of tenure and employment - Shareholders have determined that a Transaction requiring approval under Regulation 18.1 above, does not include a Distribution, then the foregoing shall examine whether there exists a reasonable concern that the Transaction will prejudice the Company from the ability to meet its existing and expected obligations, when due. Where Audit Committee or the Remuneration

Committee, as applicable or the Board of Directors and in a Transaction regarding terms of tenure and employment - Shareholders have determined that such a concern exists, the Transaction shall not be approved.

- 18.4 (a) An individual with a Personal Interest in the approval of a Transaction, that is brought before the Audit Committee or the Board of Directors and Shareholders for approval, shall not be present during the deliberations and shall not take part in the voting of the Audit Committee or of the Board of Directors. However, a Director or Officer with a Personal Interest may be present for the presentation of the Transaction if the chairman of the Audit Committee or the Chairman of the Board of Directors, as applicable, has determined that he is required for the presentation.

(b) Notwithstanding the provisions of Regulation 18.4(a), a Director may be present at a deliberation of the Audit Committee and may take part in the voting if the majority of the members of the Audit Committee have a Personal Interest in the approval of the Transaction. A Director may be present at the deliberations of the Board of Directors and may take part in the voting if the majority of the Directors of the Company have a Personal Interest in the approval of the Transaction.

(c) Where the majority of the directors on the Board of Directors of a Company have a personal interest in the approval of a Transaction as aforesaid in Regulation 18.4(a), the Transaction shall also require the approval of Shareholders by way of a Resolution of Shareholders.

- 18.5 The Audit Committee shall not be permitted to grant an approval required under this Regulation 18, unless the provisions of Regulation 14 apply, at the time of the grant of the approval.

- 18.6 (a) A Transaction of the Company as stated in Sub-Regulation 18.1 with a holder of Control thereof shall not be valid in respect of the Company or the holder of Control if the Transaction was not approved in accordance with the provisions of this Regulation 18, or if a substantial defect occurred in the approval process, or if the Transaction was effected in a way that deviated substantially from the terms of the approval.

(b) A Transaction referred to in Regulation 18.6(a) shall likewise not be valid in respect of any other person if such person knew of the Personal Interest of the holder of Control in the approval of the Transaction, and knew or should have known of the lack of approval of such Transaction as required under this Regulation 18.

- 18.7 An Extraordinary transaction by the Company with either an Officer or a Director, and an Extraordinary transaction of the Company with another Person in which either an Officer or a Director has a Personal Interest, will be approved by the Company's Audit Committee followed by the Board of Directors of the Company; however – (a) an Officer or Director who also serves either as an Officer or as a Director of a Subsidiary fully owned and controlled by the Company shall not be considered as having a Personal Interest in a transaction between the Company and such Subsidiary solely for the reason of him being an Officer or Director of both companies or for the reason of him being an owner of Shares

or securities convertible into Company Shares; and (b) an Officer or Director in several Subsidiaries fully owned and controlled by the same individual shall not be considered as having a Personal Interest in a transaction between those Subsidiaries, due to him being an Officer or Director in the parties to the transaction;

- 18.8. Without derogating from and subject to Section 32(1) of the Act, as long as the Company is a Debenture Company, it shall be presumed that a person ought not to have known of the lack of approval of a transaction as required under this Regulation where such person has received the confirmation of the board of directors to the fact that all of the approvals required for the transaction have been obtained.

## **REMUNERATION POLICY FOR OFFICERS AND APPROVAL OF TRANSACTIONS**

- 19.1 The Board of Directors by a Resolution of Directors shall determine the Remuneration Policy after considering the recommendations of the Remuneration Committee submitted thereto under Regulation 15.5. The Remuneration Policy must be approved by the Shareholders by way of a Resolution of Shareholders.
- 19.2 A Remuneration Policy for a period exceeding three years requires approval once every three years. Approval pursuant to this Regulation shall be given in the manner with which the Remuneration Policy was determined under Regulation 19.1 above.
- 19.3 The Board of Directors will review, from time to time, the Remuneration Policy as well as the need to adapt it to the provisions of Regulation 19.5 below, if a material change applies to the circumstances previously existing when it was determined or for other reasons.
- 19.4 The Remuneration Policy will be determined, *inter alia*, based on the following considerations: (i) promoting the purposes of the Company, its work plan and its policies on a long-term basis; (ii) creating proper incentives for Officers of the Company, considering, *inter alia*, the risk management policy of the Company; (iii) the size of the Company and its manner of operation; (iv) regarding the terms of tenure and employment which include variable components – the contribution of the Officer in achieving the Company's targets and its profits, all on a long term basis and in accordance with the position of the Officer.
- 19.5 (A) The Remuneration Policy shall include, *inter alia*, reference to the following matters:
- i. the education, skills, expertise, professional experience and achievements of the Officer;
  - ii. the function of the Officer, his scope of responsibility and previous salary agreements signed therewith;
  - iii. the relationship between the terms of tenure and employment of the Officer to the salary of other Company employees and of employees of contractors employed with the Company, specifically the relationship between the average salary and the median

salary of employees as stated and the impact of the gaps between them on the work relationships in the Company;

- iv. if the terms of tenure and employment include variable components – the option of reducing the variable components at the discretion of the Board of Directors, and the option of determining a ceiling of the exercise value of the capital variable components which are not paid in cash;
- v. if the terms of tenure and employment included retirement grants – the term of tenure or employment of the Officer, the terms of his tenure and employment in this term, the performance of the company in the said term, the contribution of the Officer in achieving the company's targets and for maximizing its profits and the circumstances of retirement.

(B) The Remuneration Policy will set forth, *inter alia*, the following provisions:

i. Regarding variable components in the terms of tenure and employment:

- (a) The components shall be based on performance with a long-term perspective, based on measureable criteria. However, the Company may determine that an insubstantial part of the said components will be granted based on criteria that cannot be measured considering the Officer's contribution to the Company; and
- (b) The relationship between the variable components and the fixed components, and the ceiling for the value of variable components at the time of payment. However, regarding capital variable components which are not paid in cash – a ceiling of their value on the grant date.

- ii. A condition according to which the Officer will return to the Company, under the terms determined in the Remuneration Policy, amounts paid thereto as part of the terms of tenure and employment, if paid thereto on the basis of data which was found to be mistaken and which was restated in the financial statement of the Company.
- iii. The holding period or minimum vesting of the capital variable components in the terms of tenure and employment, with reference to appropriate incentives on a long term basis.

iv. The limit for Retirement Grants.

19.6 The following Transactions of the Company require approval as set out in Regulations 19.7-19.8 below, provided that the Transaction doesn't harm the best interests of the Company:

- (a) A Transaction of the Company with an Officer (who is not a Director) regarding the terms of his tenure and employment;
- (b) A Transaction of the Company with a Director regarding the terms of his tenure and employment, regarding his office as a Director, and regarding his employment in other positions – if so employed;

- 19.7 A Transaction of the Company as detailed in Regulation 19.6(a) excluding a Transaction with the general manager or president of the Company as stated in Regulation 19.9, requires the approval of the Remuneration Committee and thereafter approval of the Board of Directors by way of a Resolution of Directors.
- 19.8 Approval of the Remuneration Committee and the Board of Directors shall be in accordance with the Remuneration Policy. The Remuneration Committee and thereafter the Board of Directors may, in unique cases, approve a Transaction as stated in the same paragraph which is not in accordance with the Remuneration Policy upon the occurrence of two of the following: (a) The Remuneration Committee and thereafter the Board of Directors have approved the Transaction, *inter alia*, based on the considerations listed in Regulation 19.4 above, while addressing the matters listed in Regulation 19.5(A) and provided that the Transaction, *inter alia*, includes the provisions as stated in Regulation 19.5(B); (b) The Shareholders by a Resolution of Shareholders have approved the Transaction.
- 19.9 A Transaction of the Company, with the general manager or president of the Company, for which the provisions of Regulation 19.6(a) above applies, requires the approval of the following, in the following order:
- (A) The Remuneration Committee;
  - (B) The Board of Directors;
  - (C) The Shareholders;
- 19.10 Approval of the Remuneration Committee and approval of the Board of Directors as stated in Regulation 19.9 shall be pursuant to the Remuneration Policy. However, the Remuneration Committee and thereafter the Board of Directors may, in unique circumstances, approve the Transaction in a manner different from the said policy, provided that the provisions of Regulations 19.8 are met.
- 19.11 Notwithstanding the provisions of Regulations 19.6 and 19.9 above, a Transaction of the Company, which complies with the provisions of Regulation 19.6 and is a change of an existing Transaction, shall be subject only to the approval of the Audit Committee or Remuneration Committee, as applicable, if the said committee has confirmed that the change in the terms of employment isn't material in comparison to the existing Transaction.
- 19.12 (a) A Transaction of the Company, which complies with the provisions of Regulation 19.6, requires the approval of the Remuneration Committee, followed by the approval of the Board of Directors by a Resolution of Directors and thereafter the approval of the Shareholders by a Resolution of Shareholders; (b) Approval of the Remuneration Committee and approval of the Board of Directors as stated in this Regulation 19.12, shall be pursuant to the Remuneration Policy, however, the Remuneration Committee and thereafter the Board of Directors may, in unique circumstances, approve the Transaction other than pursuant to the said policy, provided that the provisions of Regulations 19.6 and 19.8) apply.

## INDEMNIFICATION

- 20.1 Subject to the limitations hereinafter provided the Company shall indemnify against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred in connection with legal, administrative or investigative proceedings any person who:
- (a) is or was a party or is threatened to be made a party to any threatened, pending or completed proceedings, whether civil, criminal, administrative or investigative, by reason of the fact that the person is or was a Director of the Company; or
  - (b) is or was, at the request of the Company, serving as a Director of, or in any other capacity is or was acting for, another company or a partnership, joint venture, trust or other enterprise.
- 20.2 The indemnity in Regulation 20.1 only applies if the person acted honestly and in good faith with a view to the best interests of the Company and, in the case of criminal proceedings, the person had no reasonable cause to believe that their conduct was unlawful.
- 20.3 The decision of the Directors as to whether the person acted honestly and in good faith and with a view to the best interests of the Company and as to whether the person had no reasonable cause to believe that his conduct was unlawful is, in the absence of fraud, sufficient for the purposes of the Articles, unless a question of law is involved.
- 20.4 The termination of any proceedings by any judgment, order, settlement, conviction or the entering of a *nolle prosequi* does not, by itself, create a presumption that the person did not act honestly and in good faith and with a view to the best interests of the Company or that the person had reasonable cause to believe that his conduct was unlawful.
- 20.5 The Company may purchase and maintain insurance in relation to any person who is or was a Director, Officer or liquidator of the Company, or who at the request of the Company is or was serving as a Director, officer or liquidator of, or in any other capacity is or was acting for, another company or a partnership, joint venture, trust or other enterprise, against any liability asserted against the person and incurred by the person in that capacity, whether or not the Company has or would have had the power to indemnify the person against the liability as provided in the Articles.
- 20.6 Subject to the provisions of Regulations 20.1-20.5 above, the Company shall indemnify and insure Officers of the Company with respect to payments they are required to pay as an Enforcement Measure to parties who were injured by a violation in accordance to the resolution of the Administrative Enforcement Committee, or with respect to a payment of expenses incurred in connection with an Administrative Enforcement proceeding that was conducted regarding such person's matter, including reasonable litigation expenses – including attorney's fees, and including by way of an advance indemnification.
- 20.7 Subject to and without derogating from the provisions of Regulations 20.1-20.6 above and the provisions of the Act, as long as the Company is a Debenture Company,

Indemnification and Insurance of its Directors and Officers will be in compliance with regulations 20.8 to 20.13 hereunder.

- 20.8 The company may, indemnify an Officer and a Director for debts or expenses as specified in paragraphs (1), (1a) and (2) imposed upon such Officer or Director due to an act done by virtue of his being an Officer or Director of the company: (1) A financial liability imposed thereon in favor of another person under a judgment, including a judgment given in a settlement or an arbitration's decision that is certified by a court; (1a) Reasonable litigation expenses, including attorney's fees, incurred by an Officer or Director following an investigation or proceeding conducted against him by an authority competent to manage a proceeding or investigation either in the BVI or elsewhere and that was concluded without the submission of an indictment against him and without being charged a financial sanction in lieu of a criminal proceeding, or that was concluded without the submission of an indictment against him but with the imposition of a financial charge in lieu of a criminal proceeding in an offense that does not require proof of mens rea or in connection with a financial sanction; (2) Reasonable litigation expenses, including attorney's fees, incurred by the Officer or the Director or that he is charged by a court in a proceeding filed against him by the company or in his name or by another person, or in a criminal charge of which he is acquitted or a criminal charge in which he is convicted of an offense that does not require proof of mens rea.
- 20.9 , The company is entitled to provide an undertaking in advance to indemnify an Officer or Director thereof, in any of the following (in this Regulation - an indemnification undertaking) - (a) In the circumstances set forth in Regulations 20.8(1), provided that the indemnification undertaking is limited to the events which, in the opinion of the Board of Directors, are anticipated in light of the actions of a company in practice upon the granting of the indemnification undertaking, and to the amount or in the condition that the board of directors determine to be reasonable under the circumstances, and the indemnification undertaking will list the events that the Board of Directors feel are foreseeable in light of the actual actions of the company upon granting the undertaking as well as the amount or conditions that the Board of Directors have determined to be reasonable under the circumstances; (b) in the circumstances set forth in subsection 20.8(1a) or 20.8(2);
- 20.10 The company is permitted to indemnify an Officer or Director thereof retroactively (hereinafter - an indemnification permit).
- 20.11 The company may engage in a contract to insure the liability of an Officer and Director of the company due to a liability imposed thereon following an action performed by virtue of being an Officer or Director therein, in any of the following: (1) A breach of the duty of care to the company or to any other person; (2) A breach of a fiduciary duty vis-à-vis the company, provided that the Officer or Director acted in good faith and had a reasonable basis to believe that the action would not harm the interests of the company; (3) Financial liability imposed on him in favor of another.
- 20.12 Neither the provision of the Regulation 20.11 abovementioned permitting the company to enter into a contract to insure the liability of an Officer and Director, nor the provision of Regulations 20.8-20.10 abovementioned or a resolution of the Board of Directors

permitting the indemnification of an Officer and Director, shall be valid, where such insurance or indemnification relates to one of the following:

- (1) Breach of fiduciary duty, other than as provided in Regulation 20.11(2);
- (2) Breach of a duty of care that took place intentionally or recklessly, excluding if performed with negligence alone;
- (3) An action with the intent to generate unlawful personal profit;
- (4) Penalty, civil penalty, financial sanction or fine imposed thereon.

20.13 (a) Without derogating from and subject to the provisions of the Act, a provision in these Regulations or in a contract or stipulated in any other manner purporting to contract out of the provisions of Regulations 20.8 to 20.13, directly or indirectly, shall be invalid; (b) An undertaking to indemnify or to insure the liability of an Officer or Director due to the breach of a fiduciary duty towards the company shall not be valid, excluding a breach of a fiduciary duty as stated in Regulation 20.11(2), and an Officer and Director shall not accept, directly or indirectly, such an undertaking; accepting such an undertaking shall constitute a breach of fiduciary duty.

## **RECORDS**

21.1 The Company shall keep the following documents at the office of its registered agent:

- (a) the Memorandum and the Articles;
- (b) the register of members, or a copy of the register of members;
- (c) the register of Directors, or a copy of the register of Directors; and
- (d) copies of all notices and other documents filed by the Company with the Registrar of Corporate Affairs in the previous 10 years.

21.1 Until the Directors determine otherwise by Resolution of Directors the Company shall keep the original register of members and original register of Directors at the office of its registered agent.

21.2 If the Company maintains only a copy of the register of members or a copy of the register of Directors at the office of its registered agent, it shall:

21.2.1 within 15 days of any change in either register, notify the registered agent in writing of the change; and

21.2.2 provide the registered agent with a written record of the physical address of the place or places at which the original register of members or the original register of Directors is kept.



- 21.3 The Company shall keep the following records at the office of its registered agent or at such other place or places, within or outside the British Virgin Islands, as the Directors may determine:
- 21.3.1 minutes of meetings and Resolutions of Shareholders and classes of Shareholders;
  - 21.3.2 minutes of meetings and Resolutions of Directors and committees of Directors; and
  - 21.3.3 an impression of the Seal, if any.
- 21.4 Where any original records referred to in this Regulation are maintained other than at the office of the registered agent of the Company, and the place at which the original records is changed, the Company shall provide the registered agent with the physical address of the new location of the records of the Company within 14 days of the change of location.
- 21.5 The records kept by the Company under this Regulation shall be in written form or either wholly or partly as electronic records complying with the requirements of the Electronic Transactions Act (No. 5 of 2001).

### **REGISTER OF CHARGES**

- 22.1 The Company shall maintain at the office of its registered agent a register of charges in which there shall be entered the following particulars regarding each mortgage, charge and other encumbrance created by the Company:
- (a) the date of creation of the charge;
  - (b) a short description of the liability secured by the charge;
  - (c) a short description of the property charged;
  - (d) the name and address of the trustee for the security or, if there is no such trustee, the name and address of the chargee;
  - (e) unless the charge is a security to bearer, the name and address of the holder of the charge; and
  - (f) details of any prohibition or restriction contained in the instrument creating the charge on the power of the Company to create any future charge ranking in priority to or equally with the charge.

### **SEAL**

- 23.1 The Company may have more than one Seal and references herein to the Seal shall be references to every Seal which shall have been duly adopted by Resolution of Directors. The Directors shall provide for the safe custody of the Seal and for an imprint thereof to be kept at the registered office. Except as otherwise expressly provided herein the Seal when affixed to any written instrument shall be witnessed and attested to by the signature of any

one Director or other person so authorised from time to time by Resolution of Directors. Such authorisation may be before or after the Seal is affixed, may be general or specific and may refer to any number of sealings. The Directors may provide for a facsimile of the Seal and of the signature of any Director or authorised person which may be reproduced by printing or other means on any instrument and it shall have the same force and validity as if the Seal had been affixed to such instrument and the same had been attested to as hereinbefore described.

## **DISTRIBUTIONS BY WAY OF DIVIDEND**

- 24.1 The Directors of the Company may, by Resolution of Directors, authorise a distribution by way of dividend at a time and of an amount they think fit if they are satisfied, on reasonable grounds, that, immediately after the distribution, the value of the Company's assets will exceed its liabilities and the Company will be able to pay its debts as they fall due.
- 24.2 Dividends may be paid in money, shares, or other property.
- 24.3 Notice of any dividend that may have been declared shall be given to each Shareholder as specified in Regulation 27.1 and all dividends unclaimed for 3 years after having been declared may be forfeited by Resolution of Directors for the benefit of the Company.
- 24.4 No dividend shall bear interest as against the Company and no dividend shall be paid on Treasury Shares.
- 24.5 In addition and subject to the forgoing provisions and the provisions of the British Virgin Islands Business Companies Act, as long as the Company is a Debentures Company - any dividend/distribution by the Company will be executed in compliance with the following provisions
- 24.5.1 The company may undertake in a contract that it will not make distributions within additional limitations to the provisions of this section 24.5. A distribution in contradiction to the provisions of this section 24.5 is a prohibited distribution.
- 24.5.2 (a) The company may make a distribution out of its profits (hereafter: "**the Profit Test**"), provided that there is no reasonable suspicion that the distribution will prevent the company from paying its existing and expected liabilities as they fall due (hereafter: "**the Solvency Test**"); (b) In this section - "Profits", for purposes of the Profit Test – the larger of retained profits or profits accrued in the last two years, all according to the last adjusted audited or reviewed financial statements prepared by the Company, subtracting previous distributions if they were not already subtracted from surpluses, provided that the date for which the financial statements were prepared is not more than six months earlier than the distribution date; "Adjusted Financial Statements" – financial statements adjusted to the index or the financial statements that take or will take their place, all in accordance with accepted accounting principles; "Surpluses" – amounts included in the company's equity, which stem from its net profit as determined according to accepted accounting principles.
- 24.5.3 (a) The Court may, on application by the Company, approve it to make a distribution that does not comply with the Profit Test, provided that it is satisfied that it meets the Solvency

Test. (b) The Company shall inform its creditors that it filed an application with the Court as stated in subsection (a). (c) A creditor may apply to the Court and object to the Company's application for permission to make a distribution. (d) After the Court has given objecting creditors an opportunity to state their arguments, it may approve the Company's application, in whole or in part, reject it or make its approval subject to conditions.

- 24.5.4 (a) If the company decided to allocate shares with a nominal value for a consideration that is less than the nominal value thereof, including bonus shares, it shall convert into share capital part of its profits within their meaning in Section 24.5.2(b), of share premiums, or of any other source included in its equity, stated in its last financial statements, at an amount equal to the difference between the nominal value and the consideration. (b) The Court may, on the Company's application and on such conditions that it shall prescribe, allow the Company to make a share allocation for a consideration that is less than their nominal value, other than provided in subsection (a).
- 24.5.5 If the Company's capital includes shares of different nominal values, then dividends shall be distributed in proportion to the nominal value of each share, unless the Memorandum and Articles of Association provide otherwise.
- 24.5.6 If the Company acquired securities that can be converted into or exercised as shares of the company, it may cancel them; if the Company did not cancel said securities, the Company may resell them or convert them into or exercise them as shares; shares converted or exercised as aforesaid shall be Treasury Shares as long as they are owned by the Company.
- 24.5.7 (a) A subsidiary or any other corporation under the Company's control (in this section: "**the Acquiring Corporation**") may acquire shares of the Company or securities that can be converted into or exercised as shares of the Company to the extent to which the Company is allowed to make a distribution, provided that the subsidiary's Board of Directors or managers of the Acquiring Corporation determined that if the acquisition of the shares or securities that can be converted into or exercised as shares had been made by the Company, the acquisition would have been a permitted distribution. (b) If a prohibited distribution was made, the refund stated in Section 24.5.9 shall be made to the subsidiary or to the Acquiring Corporation and the provisions of Section 24.5.10 shall apply, mutatis mutandis, to the Directors of the subsidiary and to the managers of the Acquiring Corporation; however, if the Company's Board of Directors determined that the distribution is permitted, the liability shall be with the Company's Directors, as stated in Section 24.5.10. (c) Notwithstanding the provisions of subsection (a), acquisition by a subsidiary or by an Acquiring Corporation that is not wholly owned by the Company constitutes a distribution in an amount equal to the amount of the acquisition, multiplied by the rate of rights in the subsidiary's capital or in the capital of the Acquiring Corporation held by the Company.
- 24.5.8 The acquisition of securities that can be converted into shares, at the amount that was presented as a short- or long- term liability in the last Adjusted Financial Statements due to said securities, shall not be deemed a distribution.

24.5.9 If the Company made a prohibited distribution, the shareholders shall return to the Company whatever they received, unless they did not know and should not have known that the distribution carried out was prohibited.

24.5.10 If the company carried out a prohibited distribution, every person who was a Director at the time of the distribution shall be treated like a person who thereby breached his duties to the company under Sections 17.4, 17.5 and 17.7, as applicable, unless he proved one of the following: (i) That he opposed to the prohibited distribution and took all the reasonable measures to prevent it; (ii) That he has, in good faith, exercised reasonable reliance on information under which, had it not been misleading, the distribution would have been permitted; (iii) That under the circumstances, he did not know and should not have known of the distribution.

## **ACCOUNTS AND AUDIT**

25.1 The Company shall keep records that are sufficient to show and explain the Company's transactions and that will, at any time, enable the financial position of the Company to be determined with reasonable accuracy.

25.2 The Company may by Resolution of Shareholders call for the Directors to prepare periodically and make available a profit and loss account and a balance sheet. The profit and loss account and balance sheet shall be drawn up so as to give respectively a true and fair view of the profit and loss of the Company for a financial period and a true and fair view of the assets and liabilities of the Company as at the end of a financial period.

25.3 The Company may by Resolution of Shareholders call for the accounts to be examined by auditors.

25.4 The auditors shall be appointed by the Directors.

25.5 The auditors may be Shareholders, but no Director or other Officer shall be eligible to be an auditor of the Company during their continuance in office.

25.6 The remuneration of the auditors of the Company: shall be approved by Resolution of Directors.

25.7 The auditors shall examine each profit and loss account and balance sheet required to be laid before a meeting of the Shareholders or otherwise given to Shareholders and shall state in a written report whether or not:

- (a) in their opinion the profit and loss account and balance sheet give a true and fair view respectively of the profit and loss for the period covered by the accounts, and of the assets and liabilities of the Company at the end of that period; and
- (b) all the information and explanations required by the auditors have been obtained.

- 25.8 The report of the auditors shall be annexed to the accounts and shall be read at the meeting of Shareholders at which the accounts are laid before the Company or shall be otherwise given to the Shareholders.
- 25.9 Every auditor of the Company shall have a right of access at all times to the books of account and vouchers of the Company, and shall be entitled to require from the Directors and Officers of the Company such information and explanations as he thinks necessary for the performance of the duties of the auditors.
- 25.10 The auditors of the Company shall be entitled to receive notice of, and to attend any meetings of Shareholders at which the Company's profit and loss account and balance sheet are to be presented.

### **INTERNAL AUDITOR**

- 26.1 As of the date in which the Company became a Debentures Company, the Board of Directors shall appoint an Internal Auditor; the Internal Auditor shall be appointed at the proposal of the Audit Committee. A Person who has an interest in the Company, who is an office holder in the Company, is a Director or is a Relative of any of the above, as well as the External Auditor or any person acting on his behalf shall not be appointed as Internal Auditor of the a Company.
- 26.2 The following provisions shall apply to the Internal Auditor, subject to the other provisions of this Regulation 26, and *mutatis mutandis* as the case may be:
- (a) No person shall be appointed and no person shall serve as Internal Auditor in the Company, unless all of the following are satisfied:
- (1) He is an individual;
  - (2) He is an Israeli resident;
  - (3) He has not been convicted of an offense involving moral turpitude;
  - (4) He holds an academic degree from an institute of higher education in Israel or an institute of higher education outside Israel which an institute of higher education in Israel has recognized to this end, or is an attorney-at-law or a certified public accountant (CPA);
  - (5) He has acquired two years experience in audit work, or has participated in professional training approved by a professional training committee consisting of a representative of the Israeli Institute of Internal Auditors, serving as the Chairman, the Inspector General at the Israeli Ministry of Economics and Planning, and a representative of an institute of higher education in Israel which carries out internal audit studies, prescribed by the Minister in consultation with all Israeli institutes carrying out such studies.

- (b) The Internal Auditor shall perform the audit in accordance with generally accepted professional standards.
- (c) The Internal Auditor shall not fulfill, in the Company at which he serves as auditor, another office apart from the internal audit, other than that of the public complaints commissioner or the Officer in charge of employee complaints, provided that the fulfillment of such other office does not adversely affect the fulfillment of his principal position.
- (d) The Internal Auditor shall not fulfill, other than in the Company at which he serves as auditor, any function creating or likely to create a conflict of interests with his function as Internal Auditor.
- (e) The Internal Auditor may demand and receive any document and any information in the possession of the Company at which he serves as auditor or which is in the possession of any of its employees, and which, in the opinion of the Internal Auditor, is required for the fulfillment of his function. Any person required to deliver such document or information shall be duty bound to comply with such demand within such period and in such manner as designated in the requisition.
- (f) The Internal Auditor will have access, for the purpose of fulfilling his function, to any ordinary or automated information storage, any database and any work program of automated data processing of the Company at which he serves as auditor.
- (g) The Internal Auditor may enter into and examine any property of the Company at which he serves as auditor.
- (h) With respect to information which is confidential under law, the Internal Auditor and anyone authorized to receive the information, will be subject to the statutory limitations applicable to persons authorized to receive such information.
- (i) The Internal Auditor must keep confidential any document or information disclosed to him in connection with the fulfillment of his office, other than where disclosure is required for the fulfillment of his function as required under law or where such disclosure constitutes a statutory requirement.
- (j) Any power conferred under this section on the Internal Auditor and any duty imposed on him, shall also apply to his assistants and any person acting on his behalf.
- (k) Nothing provided in this Regulation shall derogate from the status, the functions and the powers vested in an Internal Auditor in a company in accordance with its documents of incorporation, articles of association or any other duly passed resolution thereof, nor shall same diminish the status, function or power so conferred, and all irrespective of whether or not they are specified in this Regulation.
- (l) Nothing provided in this Regulation shall prevent a company, in its documents of

- incorporation, articles of association or in any other duly passed resolution thereof, from adding to the status, functions or powers conferred thereunder on an internal auditor, nor to extend any status, function or power so conferred, and all irrespective of whether or not they are specified in this Regulation.
- 26.3 The organizational supervisor of the Internal Auditor shall be the Chairman of the Board of Directors.
- 26.4 The Internal Auditor shall submit a proposal for an annual or periodic work program for the approval of the Board of Directors, and the Board of Directors by a Resolution of Directors shall approve it, with such amendments as they see fit.
- 26.5 The Chairman of the Board of Directors or the chairman of the Audit Committee may require the Internal Auditor to perform an internal audit, in addition to the work program, regarding matters requiring urgent examination.
- 26.6 The Internal Auditor shall examine, *inter alia*, the propriety of Company actions in terms of compliance with the applicable laws and proper business administration.
- 26.7 The Internal Auditor shall submit a findings report to the Chairman of the Board of Directors, to the general manager or president and to the chairman of the Audit Committee. A report relating to matters audited pursuant to Regulation 26.5 above, shall be provided to whoever charged the Internal Auditor with carrying out the audit.
- 26.8 The appointment of an Internal Auditor shall not be terminated without his consent, nor shall he be suspended from his position, unless the Board of Directors has so resolved after hearing the opinion of the Audit Committee, and after the Internal Auditor is given a reasonable opportunity to present his case to the Board of Directors and to the Audit Committee.
- 26.9 For the purposes of Regulation 26.8, the quorum required to open a meeting of the Board of Directors shall be no less than a majority of the members of the Board of Directors, notwithstanding the provisions of any other Regulation.

## NOTICES

- 27.1 Any notice, information or written statement to be given by the Company to Shareholders may be given by personal service or by mail addressed to each Shareholder at the address shown in the register of members.
- 27.2 Any summons, notice, order, document, process, information or written statement to be served on the Company may be served by leaving it, or by sending it by registered mail addressed to the Company, at its registered office, or by leaving it with, or by sending it by registered mail to, the registered agent of the Company.
- 27.3 Service of any summons, notice, order, document, process, information or written statement to be served on the Company may be proved by showing that the summons, notice, order, document, process, information or written statement was delivered to the

registered office or the registered agent of the Company or that it was mailed in such time as to admit to its being delivered to the registered office or the registered agent of the Company in the normal course of delivery within the period prescribed for service and was correctly addressed and the postage was prepaid.

### **VOLUNTARY WINDING UP AND DISSOLUTION**

- 28.1 The Company may by a Resolution of Shareholders or by a Resolution of Directors appoint a voluntary liquidator.

### **CONTINUATION**

- 29.1 The Company may by Resolution of Shareholders or by a resolution passed unanimously by all Directors of the Company continue as a company incorporated under the laws of a jurisdiction outside the British Virgin Islands in the manner provided under those laws.

### **FINANCIAL STATEMENTS COMMITTEE**

- 30.1 As of the date in which the company became a debentures company, the board of directors shall by resolution of directors appoint a Financial Statements Committee

The Financial Statements Committee will discuss in its meetings and finalized a conclusion for the Board of Directors regarding all the following:

- (a) The evaluations and estimates made in connection with the financial statements;
- (b) The internal controls relating to financial reporting;
- (c) The wholeness and adequacy of disclosure in the financial statements;
- (d) The accounting policy adopted and accounting treatment implemented in the Company's material matters;
- (e) Valuations, including the assumptions and estimates underlying them, on which data in the financial statements rely;

The External Accountant will be invited to all the meetings of the Financial Statements Committee and the Internal Auditor will receive notices of the Committee's meetings and may participate thereat;

The Financial Statements Committee will have forwarded its recommendations regarding approval of the financial statements to the Board of Directors a reasonable time prior to the Board of Directors' discussion and reported to it of any defect or problem found during the review;

The Board of Directors discussed the recommendations of the Financial Statements Committee.

The Financial Statements Committee will meet all the following:

- (1) The number of its members will not be less than three and they meet all the conditions prescribed in Article 14.2 above;
- (2) The chairman of the Committee will be an External Director;



- (3) All its members are directors and the majority are Independent Directors;
- (4) All its members have the ability to read and understand financial statements and at least one of the Independent Directors has Accounting and Financial Expertise.
- (5) The Committee's members gave a Statement prior to their appointment;
- (6) The quorum for discussing and making decisions on the Committee will be the majority of its members provided however that the majority of the present are Independent Directors including at least one External Director.

**"Statement"** – one of the following:

- (1) The statement of a candidate for membership in the Financial Statements Committee based on his ability to read and understand financial statements;
- (2) With respect of a candidate to serve as a director with Accounting and Financial Expertise in the Financial Statements Committee, a Declaration as prescribed in Article 9.2 above;

An audit committee which meets the conditions included in Article 14 may also serve as a Financial Statements Committee.

### **CREDITOR ARRANGEMENT**

Without derogating from the provisions of section 179A of the BVI Business Companies Act, as long as the Company is a Debenture Company, the following will apply -

- 30.1 Where a compromise or arrangement is proposed between the Company and its creditors, or any class of them, the Court may, on the application of the Company, a creditor or a liquidator, order a meeting of the creditors or class of creditors to be summoned in such manner as the Court directs.
- 30.2 If a majority in number representing 75% in value of the creditors or class of creditors, as the case may be, present and voting either in person or by proxy at the meeting, agree to any compromise or arrangement, the compromise or arrangement, if sanctioned by the Court (and, if applicable, provided the order of the Court is filed with the Registrar and annexed to every copy of the Memorandum issued after the order is made), is binding on all the creditors or class or creditors, as the case may be, and also on the Company or, in the case the Company is in liquidation, on the liquidator and on every person liable to contribute to the assets of the Company in the event of its liquidation.
- 30.3 The court that approved the compromise or arrangement will be qualified to discuss the differences revealed regarding the interpretation of the compromise or arrangement relating to their application or approval.

### **JURISDICTION**

- 31. As long as the Company is a Debentures Company, it may enter into documents, obligations and arrangements with others (including – inter alia, its creditors) governed by Israeli law and in Israeli courts and can submit disputes deriving from these agreements,

obligations and settlements (all governed by Israeli law as stated above) to the exclusive jurisdiction of the courts of Israel.

We, Hauteville Trust (BVI) Limited of PO Box 3483, Road Town, Tortola, British Virgin Islands, for the purpose of incorporating a BVI Business Company under the laws of the British Virgin Islands hereby sign these Articles of Association the 19<sup>th</sup> day of June, 2018:

Incorporator

Hauteville Trust (BVI) Limited



---

By: Kay Reddy  
Authorised Signatory

