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If you sell or transfer or have sold or transferred all of your Ordinary Shares or Depository Interests, please forward this document, but not the personalised Form of Proxy or Form of Instruction enclosed with it, as soon as possible to the purchaser or the transferee or to the bank, stockbroker or other agent through or to whom the sale or transfer was effected for onward transmission to the purchaser or transferee. If you sell or transfer or have sold or transferred only part of your holding of Ordinary Shares or Depository Interests, you should retain this document. If you receive this document from another Shareholder or holder of Depository Interests, or transferee, please contact the Company's Registrar for a Form of Proxy or Form of Instruction.

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This document comprises a notice of the annual general meeting relating to, amongst other things, the appointment of independent auditors of the Company and the determination of their remuneration, the re-election of certain directors and the election of two new external directors, all pursuant to the requirements of the Israeli Companies Law, 5759-1999 and any regulations promulgated thereunder (the "**Israeli Companies Law**").

B.S.D Crown Ltd.

(incorporated and registered in Israel with registered number 52-004292-0 the "Company")

Notice of Annual General Meeting

A notice convening an Annual General Meeting of the Company to be held at 11.00 AM (Israel time) 11 August 2020 at 7 Menachem Begin Road, Gibor Sport Tower, 15th floor, Ramat Gan, Israel , is set out at the end of this document.

Your attention is drawn to the letter to the shareholders from the chairman of the Company, in which the board recommends that you vote in favour of the resolution to be proposed at the Annual General Meeting. Please read the whole of this document and consider whether to vote in favour of the resolution in light of the information contained in this document.

Form of Proxy and Form of Instruction will be available on the Company's website at: www.bsd-c.com and from the National Storage Mechanism at www.morningstar.co.uk/uk/NSM from 8 July 2020.

If you hold your ordinary shares in certificated form, whether or not you intend to be present in person at the Annual General Meeting, please complete, sign and return the accompanying Form of Proxy in accordance with the instructions printed on it as soon as possible but, in any event, so as to be received by the Company's registrar by 11.00AM (GMT) on 7 August 2020.

If, however, you are a holder of depository interests, please complete, sign and return the Form of Instruction in accordance with the instructions printed on it as soon as possible but, in any event, so as to be received by the Company's registrar by 11.00 AM (GMT) on 6 August 2020.

IMPORTANT NOTICE

No person has been authorised to give any information or to make any representations other than as may be contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company.

The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and the publication of this document shall not give rise to any implication that there has been no change in the facts set out herein since such date. Nothing contained in this document shall be deemed to be a forecast, projection or estimate of the future financial performance of the Company, except where otherwise stated.

Publication on website

This document including Form of Proxy and Form of Instruction will be available on the Company's website at www.bsd-c.com and from the National Storage Mechanism at www.morningstar.co.uk/uk/NSM from 8 July 2020.

Date of publication

This document is published on 8 July 2020.

LETTER FROM THE CHAIRMAN

B.S.D CROWN LTD.

(INCORPORATED AND REGISTERED IN THE STATE OF ISRAEL UNDER THE ISRAELI COMPANIES LAW WITH REGISTERED NUMBER 52-004292-0 (THE "COMPANY"))

Registered Office

7 Menachem Begin Road

Gibor Sport Tower

8th Floor

Ramat-Gan 5268102

Israel

8 July 2020

Dear Shareholder,

Notice of an Annual General Meeting

This letter contains notice of an annual general meeting (the "**Meeting**") to be held on 11 August 2020. This letter provides for resolutions proposed by the Company as follows: the appointment of independent auditors of the Company and the determination of their remuneration and the re-election of directors and the election of two external directors of the Company.

The board of directors of the Company (the "**Board**") considers the adoption of the proposed resolutions to be in the best interests of the Company and its shareholders as a whole. Accordingly, the Board unanimously recommends that shareholders vote in favor of all of the resolutions.

RESOLUTION 1: APPOINTMENT AND REMUNERATION OF INDEPENDENT AUDITORS

According to the provisions of the Israeli Companies Law, the term of a company's independent auditor shall expire at each annual general meeting of a company. However, the independent auditor may be nominated for re-appointment. Under the Israeli Companies Law, shareholders may also authorise the Board to determine the independent auditor's remuneration.

It is proposed to re-appoint BDO Israel, a registered public accounting firm, to serve as the Company's auditors for the year ending 31 December 2020 and until the appointment of independent auditors at the next annual general meeting of the Company, and to authorise the Board, with the approval of the audit committee of the Board, to determine the remuneration of the auditors.

The appointment of the Company's independent auditors and the authorization of the Board to determine the remuneration of the auditors, require the affirmative vote of shareholders present in person or by proxy and holding ordinary shares representing a majority of the votes cast with respect to the resolution.

RESOLUTION 2 – 4: RE-ELECTION OF DIRECTORS

Pursuant to the Company's articles of association (the "**Articles**") and the provisions of the Israeli Companies Law, at each annual general meeting, the directors of the Company (other than statutory external directors appointed in accordance with the Israeli Companies Law), cease to hold office and may be nominated for re-election. In accordance with the Articles and the provisions of the Israeli Companies Law, the elected directors will hold office until the conclusion of the next annual general meeting of the Company and until their successors are duly elected.

It is proposed to re-elect Mr. Joseph Williger, as a member of the Board, to hold office until the conclusion of the next annual general meeting of the Company and until his successors are duly elected.

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It is proposed to re-elect Mr. Zvi Williger, as a member of the Board, to hold office until the conclusion of the next annual general meeting of the Company and until his successors are duly elected.

It is proposed to re-elect Mr. Gil Hochboim as a member of the Board, to hold office until the conclusion of the next annual general meeting of the Company and until his successors are duly elected.

Brief biographical details of the directors proposed for re-election are available on the Company's website at www.bsd-c.com and are set forth in Appendix 1 to this document.

The Company intends to pay each of the re-elected directors an annual fee of £15,000, to be paid quarterly in arrears and subject to any limitations on total compensation amounts payable to directors that may apply from time to time under the Israeli Companies Law.

Pursuant to the provisions set forth in sections 224(a) and 224(b) of the Israeli Companies Law, each of the proposed directors signed a declaration stating that he holds the necessary skills and has the ability to devote the appropriate time to carry out his duties as a director of the Company, as well as details of their respective qualifications. Each of the proposed directors stated that he is not subject to any of the restrictions set forth in sections 226 and 227 of the Israeli Companies Law.

The re-election of directors requires the affirmative vote of shareholders present in person or by proxy and holding ordinary shares representing a majority of the votes cast with respect to the resolution.

RESOLUTION 5-6: ELECTION OF EXTERNAL DIRECTORS; MR. SHMUEL YANAI AND MR. AMIR ARIEL.

According to the provisions of the Israeli Companies Law, companies incorporated under the laws of the State of Israel whose shares have been offered to the public in or outside of the State of Israel, are required to appoint at least two statutory independent directors (each, an “**External Director**”) who meets certain Israeli statutory criteria of independence; such criteria are generally in line with the independence requirement under the 2010 UK Corporate Governance Code (the “**Code**”).

If an external directorship becomes vacant and there are fewer than two External Directors on the board of directors at that point in time, the board of directors is required under the Israeli Companies Law to call a shareholders' meeting as soon as practicable to appoint a replacement External Director. Currently, the Board includes two directors designated as External Directors: Mr. Shlomo Wertheim who was elected at the Company's annual general meeting in May 2017, and Mrs. Sagit Amit Evan, who was elected at the Company's annual general meeting in July 2019. They were each elected for a three-year terms. Mr. Shlomo Wertheim ended his service in May 2020. The Board is therefore seeking shareholders' approval to appoint two External Directors.

The Israeli Companies Law provides that External Directors must be elected by a majority vote of the shares present and voting at a shareholders' meeting, provided that either:

- i. the majority voting in favor of the election includes a majority of the shares held by noncontrolling shareholders who do not have a personal interest in the election of the external director (other than a personal interest not deriving from a relationship with a controlling shareholder), excluding abstentions referred to as a “disinterested majority”; or
- ii. the total number of shares held by non-controlling, disinterested shareholders (as described in the previous bullet-point) that are voted against the election of the director does not exceed two per cent. (2%) of the aggregate voting rights in the company.

The term “controlling shareholder” is defined under the Israeli Companies Law (by reference to the Israeli Securities Law) as a shareholder with the ability to direct the activities of the company, other than by virtue of being an office holder. A shareholder is presumed to be a controlling shareholder if the shareholder holds 50 per cent. (50%) or more of the voting rights in a company or has the right to appoint the majority of the directors of the company or its general manager. Each of Mr. Joseph Williger and Mr. Zvi Williger is a controlling shareholder of the Company.

Additional terms and conditions for the election of External Directors, as required under the Israeli Companies Law, are set out in Appendix 2 to this document.

The Board proposes to elect Mr. Shmuel Yanai as an External Director. The Board believes that the election of Mr. Shmuel Yanai as an External Director of the Company complies with the provisions and requirements under the Israeli Companies Law and that his skills and capabilities would contribute to the Company's on-going business. The Board has also determined that Mr. Shmuel Yanai satisfies the requirements under the Code to serve on our board as an independent director and hence, his election will increase the level of independency of the Board. As required by the Israeli Companies Law, it is proposed to elect Mr. Shmuel Yanai to serve as an External Director for an initial fixed term of three years commencing on the date that his election is approved by shareholders. If the election is approved by the shareholders, Mr. Shmuel Yanai will be appointed by the Board to serve as a member of each of the Audit Committee and Remuneration Committee.

Information regarding the background and experience of Mr. Shmuel Yanai is available in [Appendix 1](#) to this document.

The Company intends to pay Mr. Shmuel Yanai an annual fee of £15,000 for his services as an external director, to be paid quarterly in arrears and subject to any limitations on total compensation amounts payable to External Directors that may apply from time to time under the Israeli Companies Law.

Pursuant to the Israeli Companies Law, Mr. Shmuel Yanai's remuneration has been approved by the Company's Remuneration Committee followed by the approval of the Board.

The Board proposes to elect Mr. Amir Ariel as an External Director. The Board believes that the election of Mr. Amir Ariel as an External Director of the Company complies with the provisions and requirements under the Israeli Companies Law and that his skills and capabilities would contribute to the Company's on-going business. The Board has also determined that Mr. Amir Ariel satisfies the requirements under the Code to serve on our board as an independent director and hence, his election will increase the level of independency of the Board. As required by the Israeli Companies Law, it is proposed to elect Mr. Amir Ariel to serve as an External Director for an initial fixed term of three years commencing on the date that his election is approved by shareholders. If the election is approved by the shareholders, Mr. Amir Ariel will be appointed by the Board to serve as a member of each of the Audit Committee and Remuneration Committee.

Information regarding the background and experience of Mr. Amir Ariel is available in [Appendix 1](#) to this document.

The Company intends to pay Mr. Amir Ariel an annual fee of £15,000 for his services as an external director, to be paid quarterly in arrears and subject to any limitations on total compensation amounts payable to External Directors that may apply from time to time under the Israeli Companies Law.

Pursuant to the Israeli Companies Law, Mr. Amir Ariel's remuneration has been approved by the Company's Remuneration Committee followed by the approval of the Board.

ANNUAL ACCOUNTS

The Board has submitted to the shareholders' review the directors' report and independent auditors' report for the year ended 31 December 2019. A copy of the 2019 Annual Report and Accounts are available on the Company's website at www.bsd-c.com. Members of our management will be available at the Meeting to review and discuss our auditor's report and consolidated financial statements for the year ended 31 December 2019.

Directors' Recommendation

The directors believe that the adoption of the resolutions proposed at the Meeting is in the best interests of the Company and its shareholders as a whole. Accordingly, the directors recommend that you vote in favor of each resolution as they intend to do in respect of their own beneficial holdings.

Action To Be Taken

You will find enclosed on the Company's website at www.bsd-c.com a Form of Proxy and a Form of Instruction for download and use (as applicable) in connection with the Meeting or at any adjournment thereof. Please review the notes at the end of the Form of Proxy or the Form of Instruction, as applicable, for further instructions.

It is important to us that our shareholders and holders of Depository Interests have the opportunity to vote.

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1. If you are a shareholder of the Company, whether or not you intend to be present at the Meeting, please complete and return the Form of Proxy (in accordance with the instructions set out in that document) to Computershare Investor Services (Jersey) Limited, c/o The Pavilions, Bridgewater Road, Bristol, BS13 8AE, England, as soon as possible and in any event so as to be received by the Company's registrars by no later than 11.00 AM (GMT) on 7 August 2020. Completion and return of a signed Form of Proxy will not prevent you from attending the Meeting and voting in person, if you so wish.
2. If you are a holder of Depository Interests, please complete and return the Form of Instruction (in accordance with the instructions set out in that document) to Computershare Investor Services Limited, The Pavilions, Bridgewater Road, Bristol, BS13 8AE, England, as soon as possible and in any event so as to be received by Computershare Investor Services Limited by no later than 11.00 AM (GMT) on 6 August 2020. Holders of Depository Interests cannot vote in person at the Meeting; therefore, please make sure that your vote is received by the Company's registrars no later than 11.00 AM (GMT) on 6 August 2020.
3. In the case of joint shareholders, the vote of the senior of such shareholders who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholders and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
4. **According to the Israeli Companies Law, for your vote on Resolution 5 (*Election of an External Director, Mr. Shmuel Yanai*) and Resolution 6 (*Election of an External Director, Mr. Amir Ariel*) you must state if you have a personal interest (in each case, as defined in the Israeli Companies Law) in the approval of such resolutions or if you are a controlling shareholder of the Company in accordance with the explanations of such terms set forth with respect to Resolution 5 and/or Resolution 6.**

Yours faithfully

Joseph Williger

Executive Chairman of the Board

NOTICE OF ANNUAL GENERAL MEETING

B.S.D CROWN LTD.

(Incorporated and registered in Israel under company number 52-004292-0)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an Annual General Meeting of B.S.D Crown Ltd. (the “**Company**”) is to be held at 11.00 AM (Israel time) on 11 August 2020 at 7 Menachem Begin Road, Gibor Sport Tower, 8th floor, Ramat Gan, Israel (the “**Meeting**”), for the following purpose:

RESOLUTION:

1.	To re-appoint BDO Israel, as auditor of the Company for the year ending 31 December 2020 and until the appointment of independent auditors at the next annual general meeting of the Company and to authorise the Board, with the approval of the audit committee of the Board, to determine the remuneration of the auditors.
2.	To re-elect Mr. Joseph Williger as a director of the Board until the conclusion of the next annual general meeting and until his successors are duly elected.
3.	To re-elect Mr. Zwi Williger as a director of the Board until the conclusion of the next annual general meeting and until his successors are duly elected.
4.	To re-elect Mr. Gil Hochboim as a director of the Board until the conclusion of the next annual general meeting and until his successors are duly elected.
5.	To elect Mr. Shmuel Yanai as an external director for an initial fixed term of three years.
6.	To elect Mr. Amir Ariel as an external director for an initial fixed term of three years.

By order of the Board

Joseph Williger

Executive Chairman of the Board

Registered Office

7 Menachem Begin Road

Gibor Sport Tower 8th Floor

Ramat-Gan 5268102

Israel

8 July, 2020

Incorporated and registered in Israel under company number 52-004292-0

Notes:

- 1 The Board has set close of business on 17 July 2020 as the record date for Shareholders and Depository Interest holders to be entitled to vote. Changes to entries on the register of members after that time will be disregarded in determining the right of any person to attend or vote at such Meeting.
- 2 You will find enclosed on the Company's website at www.bsd-c.com a Form of Proxy (the "**Form of Proxy**") and a Form of Instruction (the "**Form of Instruction**") for download and use.
- 3 If you are a Shareholder of the Company, whether or not you intend to be present at the Meeting, please complete and return the Form of Proxy (in accordance with the instructions set out in that document) to Computershare Investor Services (Jersey) Limited, c/o The Pavilions, Bridgwater Road, Bristol, BS13 8AE, England, as soon as possible and in any event so as to be received by Computershare Investor Services (Jersey) Limited by no later than 11.00 AM (GMT) on 7 August 2020 or forty eight hours before any adjourned meeting. Completion and return of a signed Form of Proxy will not prevent you from attending the Meeting and voting in person, if you so wish.
- 4 If you are a holder of Depository Interests representing ordinary shares of the Company, please complete and return the Form of Instruction (in accordance with the instructions set out in that document) to Computershare Investor Services Limited, The Pavilions, Bridgwater Road, Bristol, BS13 8AE, England, as soon as possible and in any event so as to be received by the Company's registrars by no later than 11.00 AM (GMT) on 6 August 2020 or seventy two hours before any adjourned meeting. Holders of Depository Interests cannot vote in person at the Meeting; therefore, please make sure that your vote is received by Computershare Investor Services Limited no later than 11.00 AM (GMT) on 6 August 2020 or seventy-two hours before any adjourned meeting.
- 5 In the case of joint Shareholders, the vote of the senior of such Shareholders who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint Shareholders and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- 6 **With respect to Resolution 5 (*Election of an External Director, Mr. Shmuel Yanai*), and Resolution 6 (*Election of an External Director, Mr. Amir Ariel*) for your vote to be considered, you must state if you have a Personal Interest (as defined in the Israeli Companies Law) in such resolution or not or if you are a controlling shareholder of the Company in accordance with the explanations of such terms set forth with respect to Resolution 5 and Resolution 6. Please check the relevant box provided in the forms per each resolution. If you do not provide such indication, your shares will not be voted on the respective proposal. An interest arising solely from the ownership of shares is not a Personal Interest.**

Issued share capital and total voting rights

- 7 As at 8 July, 2020 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital is 140,578,154. There are 11,237,902 treasury shares. Therefore, the total voting rights in the Company as at 8 July, 2020 are 129,340,252.

Members' rights to ask questions

- 8 Members attending the meeting have the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (ii) the answer has already been given on a website in the form of an answer to a question, or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
- 9 Depository Interest Holders wishing to attend the meeting should contact Computershare Investor Services Limited at The Pavilions, Bridgwater Road, Bristol, BS13 8AE, England or by email to Jonathan.sterling@computershare.co.uk in order to request a letter of representation by no later than 11.00 AM (GMT) on 7 August 2020. However, Depository Interest Holders will not be able to vote at the Meeting.

Website

- 10 A copy of this notice can be found at www.bsd-c.com.

Voting results

- 11 The results of the voting at the Annual General Meeting will be announced through a Regulatory Information Service and will appear on our website, www.bsd-c.com, on 11 August, 2020.

APPENDIX 1

BIOGRAPHIES OF THE DIRECTORS PROPOSED FOR RE-ELECTION/ ELECTION

Mr. Joseph Williger. Mr. Williger is a member of the board of Y.M Dekel Holdings and Investments Ltd and Yossi Willi Management and Investments Ltd, both private companies. Mr. Williger is also a member of the Presidium of the Chamber of Commerce Israel and serves as the chairman of the Committee of import and customs Israel Chamber of Commerce. Mr. Williger attended Business Administration studies in California State University, Los Angeles for two years, and Business Administration studies in Bar-Ilan University, Israel, for one year. Mr. Williger has held positions as a member of the board of Willi-Food Investments Ltd, and an active Co-Chairman in G. Willi-food International Ltd.

Mr. Zwi Williger. Mr. Zwi Williger also serves as a director in Zvi. V & Co. Ltd. and Titanic Ltd., both private companies. Mr. Williger is one of the founders of Willi Food group and act as an active Chairman of the board of Willi-Food Investments Ltd. and as an active Co-Chairman in G.Willi-Food International Ltd. and its subsidiaries. Mr. Williger attended Business Administration studies in Fresno California University, for two years and advance management program in Harvard University, for two months.

Mr. Gil Hochboim. Mr. Hochboim is the CFO of S.R. Accord Ltd., a public Israeli company traded in TASE which active in the finance market. Mr. Hochboim served more than 15 years as the CEO and CFO in Willi Food Investments Ltd. and G. Willi Food International Ltd. Mr. Hochboim is a certified public accountant (Israel) and holds a Bachelor's degree in Business Management and Accounting from The Academic College of Management, Israel.

Mr. Amir Ariel, Adv. Mr. Ariel served and held senior management positions in public companies for about 23 years. Mr. Ariel has vast experience and many years of activities both in Israel and abroad serving as Legal Director and Secretary Company, Chief Regional Manager and VP Business Development with public issued companies. Mr. Ariel's past and present experience includes also extensive experience serving as an independent director and as external director with financial and professional expertise with public issued companies in the finance, real estate, commercial and investment entities.

Mr. Ariel currently serve as VP of Business Development and Assets at the public company Adriel Israel Properties Ltd. (formerly the CEO of the private companies in the group). Mr. Ariel holds a Bachelor of Laws degree and MBA degree.

Mr. Shmuel Yanai, Adv. Mr. Yanai serves as an advisor to Yorkville Advisors LLC since 2007, in addition to other organizations in the Middle East., particularly with investment banker at Axe Y Capital - public M&A. Mr. Shmuel Yanai also had a career with the TheMarker as a journalist and as the investment manager of the Willifood Group. Mr. Yanai started his career with the Ram Caspi law firm in Tel Aviv.

APPENDIX 2

TERMS AND CONDITIONS FOR ELECTION OF EXTERNAL DIRECTORS

The Israeli Companies Law provides that External Directors must be elected by a majority vote of the shares present and voting at a shareholders' meeting, provided that either:

- i. the majority voting in favor of the election includes a majority of the shares held by noncontrolling shareholders who do not have a personal interest in the election of the external director (other than a personal interest not deriving from a relationship with a controlling shareholder), excluding abstentions referred to as a "disinterested majority"; or
- ii. the total number of shares held by non-controlling, disinterested shareholders (as described in the previous bullet-point) that are voted against the election of the director does not exceed two per cent. (2%) of the aggregate voting rights in the company.

The term "controlling shareholder" is defined under the Israeli Companies Law (by reference to the Israeli Securities Law) as a shareholder with the ability to direct the activities of the company, other than by virtue of being an office holder. A shareholder is presumed to be a controlling shareholder if the shareholder holds 50 per cent. (50%) or more of the voting rights in a company or has the right to appoint the majority of the directors of the company or its general manager.

Each of Mr. Joseph Williger and Mr. Zwi Williger is a controlling shareholder of the Company.

The initial term of an External Director is fixed for three years. After an initial term of three years, an External Director may be re-elected to serve in that capacity for up to two additional three-year terms, provided that either (i) his or her service for each such additional term is recommended by one or more shareholders holding at least one per cent. (1%) of the company's voting rights and is approved at a shareholders' meeting by a disinterested majority, where the total number of shares held by non-controlling, disinterested shareholders voting for such re-election exceeds two per cent. (2%) of the aggregate voting rights in the company; or (ii) his or her service for each such additional term is recommended by the board of directors and is approved at a shareholders meeting by the same disinterested majority required for the initial election of an External Director (as described above).

Under the Israeli Companies Law, External Directors of a company are prohibited from receiving, directly or indirectly, any compensation from the company other than for their services as External Directors pursuant to applicable Israeli regulations. Compensation of an External Director is determined prior to his or her election and may not be changed during his or her term, subject to certain exceptions.

The Israeli Companies Law provides that a person is not qualified to serve as an External Director if (i) the person is a relative of the controlling shareholder of the company, or (ii) that person or his or her relative, partner, employer, another person to whom he or she was directly or indirectly subject, or any entity under the person's control, has or had, during the two years preceding the date of election as an external director: (a) any affiliation or other prohibited relationship with the company, with any person or entity controlling the company or a relative of such person, or with any entity controlled by or under common control with the company; or (b) in the case of a company with no controlling shareholder, any affiliation or other prohibited relationship with a person serving as chairman of the board, chief executive officer, a substantial shareholder or the most senior office holder in the company's finance department.

The term “relative” is defined as a spouse, sibling, parent, grandparent or descendant; spouse’s sibling, parent or descendant; and the spouse of each of the foregoing persons. The term affiliation and the similar types of prohibited relationships include (subject to certain exemptions):

- an employment relationship;
- a business or professional relationship even if not maintained on a regular basis (excluding insignificant relationships);
- control; and
- service as an office holder, excluding service as a director in a private company prior to the first offering of its shares to the public if such director was appointed as a director of the private company in order to serve as an external director following the public offering.

The term “office holder” is defined under the Israeli Companies Law as a director, general manager, chief business manager, deputy general manager, vice general manager, other manager directly subordinates to the general manager or any other person assuming the responsibilities of any of these positions regardless of that person’s title.

In addition, no person may serve as an External Director if that person’s position or professional or other activities create, or may create, a conflict of interest with that person’s responsibilities as a director or otherwise interfere with that person’s ability to serve as an external director, or if the person is an employee of the Israel Securities Authority or of an Israeli stock exchange. A person may furthermore not continue to serve as an external director if he or she received direct or indirect compensation from the company for his or her role as a director. This prohibition does not apply to compensation paid or given in accordance with the Israeli Companies Law regulations or amounts paid pursuant to indemnification and/or exculpation contracts or commitments and insurance coverage. Following the termination of an external director’s service on a board of directors, such former external director and his or her spouse and children may not be provided a direct or indirect benefit by the company, its controlling shareholder or any entity under its controlling shareholder’s control. This includes engagement as an executive officer or director of the company or a company controlled by its controlling shareholder or employment by, or provision of services to, any such company for consideration, either directly or indirectly, including through a corporation controlled by the former external director. This restriction extends for a period of two years with regard to the former external director and his or her spouse or child, and for one year with respect to other relatives of the former external director.

A director of one company may not be appointed as an External Director of another company if a director of the other company is acting as an External Director of the first company at such time.

According to regulations promulgated under the Israeli Companies Law, a person may be appointed as an External Director only if he or she has professional qualifications or if he or she has accounting and financial expertise (each, as defined below). A director with accounting and financial expertise is a director who, due to his or her education, experience and skills, possesses an expertise in, and an understanding of, financial and accounting matters and financial statements, in such a manner which allows him or her to understand the financial statements of the company and initiate a discussion about the presentation of financial data. A director is deemed to have professional qualifications if he or she has any of (i) an academic degree in economics, business management, accounting, law or public service, (ii) an academic or other degree or has completed other higher education, all in the field of business of the company or relevant for his/her position, or (iii) at least five years of experience as either a senior managing officer in the company’s line of business with a significant volume of business, a public office or a senior position in the company’s main line of business.

Our board of directors has determined that Mr. Shmuel Yanai has accounting and financial expertise as required under the Israeli Companies Law.

Our board of directors has determined that Mr. Amir Ariel has accounting and financial expertise as required under the Israeli Companies Law.

If at the time at which an External Director is appointed, all members of the board of directors (excluding a controlling shareholder or a relative thereof) are of the same gender, the External Director must be of the other gender.