

**Annex A****Amiad Water Systems Ltd.  
Remuneration Policy****PART I - GENERAL****Introduction**

1. This remuneration policy (the "**Remuneration Policy**") of Amiad Water Systems Ltd. (the "**Company**") applies to all of the Company's Office Holders, as such term is defined in the Companies Law, 5759-1999 (the "**Companies Law**"), and constitutes the Company's policy with respect to the remuneration of its Office Holders.<sup>1</sup> Except if specifically mentioned, the Remuneration Policy will replace the previous remuneration policy approved by the general meeting of the shareholders of the Company on 13 August 2013 (the "**Previous Policy**").
2. This Remuneration Policy was drafted and adopted in accordance to the requirements of amendment 20 to the Companies Law (hereinafter: "**Amendment 20**"), and hence was determined while considering, *inter alia*, the considerations in section 267B(a) to the Companies Law and includes, *inter alia*, reference to the matters specified in Part A of the First Addendum A to the Companies Law and provisions as specified in Part B of the said addendum.
3. The Remuneration Policy provides guidelines pursuant to which the Company shall determine the remuneration of the Company's Office Holders, while considering principles that will enable to balance the desire to remunerate Office Holders for their accomplishments with the need to ensure that the remuneration structure of the Company ensures the Company's long term objectives and goals.
4. The Remuneration Policy is not intended to establish any rights or legally binding obligations towards any of the Company's Office Holders. Each Office Holder's remuneration shall be determined according to the personal employment contract signed between such Office Holder and the Company.
5. The board of directors of the Company (the "**Board**") approved this Remuneration Policy pursuant to the recommendations of the Company's remuneration committee (the "**Remuneration Committee**").
6. This Remuneration Policy is for a term of 3 years as of its approval by the general meeting, in accordance with the provisions of the Companies Law. Notwithstanding the forgoing, the Board shall examine from time to time, and in any event at least once a year, the Remuneration Policy and the need to make any adaptations the Remuneration Policy's provisions so it will correspond to the provisions of Amendment 20, whether there was a substantive change in the circumstances that existed when it was determined or for other reasons. For the avoidance of doubt, all terms and conditions (including, without derogating, the targets, the thresholds, the principals and the bonuses) for the year 2016 will be in accordance to the Previous Policy.

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<sup>1</sup> As this term is defined in section 1 of the Companies Law.

7. This Remuneration Policy will be interpreted with the provisions of the Companies Law and/or the regulations thereunder as shall be amended from time to time even if they contradict or modify the provisions of this Remuneration Policy.

### **The objectives of the Remuneration Policy**

8. The Company is a leading global producer of automatic, self-cleaning water treatment and filtration solutions. The Company's headquarters are in Israel, and it is active world-wide, directly and through subsidiaries, in over 80 countries.
9. The Company believes that that Remuneration Policy should set guidelines and principles designated to achieve the Company's long term goals and objectives. The Company also believes that in order to maintain its position as global leader, to advance and support its continued growth and to attain its goals, it is essential to have competent, strong and effective leadership.
10. Therefore, this Remuneration Policy is designated to ensure that the Company shall have the ability to attract, recruit and retain qualified highly-skilled officers, most suitable to the Company's needs, and to provide incentives that will steer and motivate the Company's officers to achieve the short and long term goals that the Company has set for itself and its employees.
11. All of the above, while taking into account the size of the Company, the nature of its activities, the officers' various roles and spheres of responsibility and the Company's risk management policy.

### **The Consideration in Determining the Remuneration Policy**

12. Pursuant to the provisions of Amendment 20, the Remuneration Policy is based, *inter alia*, on the following considerations guided the Company in determining the Remuneration Policy:
  - 12.1 Advancement of the Company's goals and objectives, its work plan and its long term policy, which include, *inter alia*, maintaining the Company's position as global leader and to continue and advance the Company's growth;
  - 12.2 Creating adequate incentives to the Company's Office Holders, while considering, *inter alia*, the Company's risk management policy;
  - 12.3 The size of the Company and the nature of its activities as a global leader in the water treatment and filtration solutions active world-wide;
  - 12.4 With respect to the variable components included in the remuneration - the contribution of the Office Holder to the achievement of the Company goals and to the maximization of its profits, all in a long term vision and in accordance with the Officeholder's position in the Company as a member of the Company's senior management team.
13. The Remuneration Policy takes into consideration, *inter alia*, the company's characteristics, financial status, abilities, business forecast and strategic goals.

### **The Principles of the Remuneration Policy**

14. The remuneration package consists of several components, each serve different purposes:
  - 14.1 Fixed Base Salary and Employment Benefits - The basic salary and fringe benefits being paid or allocated each month, as well as the severance terms (all the

"Fixed Component"), serve the purpose of ensuring the recruitment and retention of the qualified highly skilled officers, suitable for the Company's needs, while taking into account the market conditions in the various localities around the world that the Company operates in.

- 14.2 Variable based performance benefits – The variable based performance benefits serve as an incentive for officers to achieve the Company's annual and long term goals, depending upon their position and scope of responsibility, while considering the Company's long-term objectives and the Company's risk-management policy.
- 14.3 Variable based equity benefits - the variable based equity benefits of the remuneration serves as an incentive for officers to maximize the Company's long-term value, and is a measure for retaining high ranking officers who are contributing to the achievement of the Company's objectives and goals. The proposed equity remuneration also relates to a financial criterion that represents a combination of long-term targets (the Company's operating assets versus profit).

## **PART II – OFFICERS (NON-DIRECTORS AND EXECUTIVE DIRECTORS)**

### **Remuneration Policy with respect to Office Holders who are not Directors or that serve as Executive Directors, as such term is defined in section 40 below ("Officers")**

#### **Fixed Component**

15. As detailed above, the purpose of the Fixed Component is to enable the recruitment and retention of the qualified highly skilled officers, suitable for the Company's needs.
16. The Fixed Component also reflects the officer's skills (like; experience, knowledge that he brings to the job, expertise gained during his employment, education etc.) and the requirements of his position, his authority and scope of responsibility, while taking into account the market conditions in the relevant location around the world that the Company operates in.
17. In addition, the Fixed Component is also designated to comply with legal requirements to provide certain benefits that are mandatory under applicable law (e.g. sick leave, contributions to pension funds).

#### **Base Salary and Employment Benefits**

18. The monthly base salary of the Company's Officers shall be determined by the Company's Board while referring to the following matters:
- 18.1 The objectives and considerations detailed in sections 8-13 to this Remuneration Policy above;
- 18.2 the position of the officer, the scope and spheres of his responsibility and, if relevant, previous salary agreements concluded with him by the Company;
- 18.3 the officer's training, qualifications, expertise, professional experience and achievements;
- 18.4 the relation of the cost (as this term is defined in the Companies Law) of the officer to the cost of the Company's other employees in Israel and of the contractor employees employed at the Company in Israel, and in particular to the ratio between the officer's remuneration and the average and median pay of the said

employees and the effect of the differences between them on labor relations at the Company.

- 18.5 the comparison to market conditions (benchmark) – a comparison to the remuneration of officers in corresponding roles in public companies, similar to the Company in size, value and field of activity. The Company shall preform such comparison in the frequency that the Remuneration Committee or the Board find it necessary, but at least *every two year*. The comparison shall include companies that fulfil the following criteria:

With respect to Officers whose permanent workplace is in Israel, the comparison shall be made to Israeli public companies that answer to the following, in whole or in part:

- 18.5.1 Companies that are engaged in fields of activity that are close as possible to the Company field of activity;
- 18.5.2 Companies that there market value is similar to the market value of the Company;
- 18.5.3 Companies that has financial characteristics similar to the financial characteristic of the Company;
- 18.5.4 Companies that competes with the Company for the same officeholders.

With respect to Officers whose permanent workplace is outside of Israel, the comparison shall also include the remuneration of officers in corresponding roles in companies in the relevant territory that answer to the following, in whole or in part:

- 18.5.5 Companies that are engaged in fields of activity that are close as possible to the Company field of activity;
- 18.5.6 Companies that there market value is similar to the market value of the Company;
- 18.5.7 Companies that has financial characteristics similar to the financial characteristic of the Company;
- 18.5.8 Companies that compete with the Company for the same officeholders.

19. The Remuneration Committee, and subsequently the Company's Board, shall review the said criteria, to each officer on an individual basis.
20. In addition, the Officers shall be entitled to employment benefits - sick leave, vacation pay, convalescence pay, severance related terms (as detailed below), contributions to the benefits component of comprehensive pension insurance, insurance covers as are customary for officers, contributions to education fund, company car (or subsequently, a car allowance), mobile phone, computer equipment, grossing up of various items, meals, clothing, reimbursement of expenses as is customary at the Company and reimbursement for communications expenses (internet connection, home and subscription to newspaper or professional magazine). In addition, Officers who are sent for relocation shall be entitled benefits and reimbursement for expenses in connection with the relocation, such as accommodation, home leave, travel expenses, expenses that related to family, such as school tuition and commuting, and life and medical insurances and benefits, including for family.

21. Such benefits vary depending upon the geographic location and the specific circumstances relevant for each Officer, such as the pursuant to the matters detailed in sections 17.1 to 17.4 above, and for Officers whose permanent work place is outside of Israel depending on the local law and customs. The Officers are entitled to exemption, indemnification, guarantee for indemnification and insurance as included in the Company's D&O insurance policy, provided that these components are approved by the Company's General Meeting from time to time according to the Law.

**Severance Terms (Payments upon Retirement)**

22. Severance terms are composed from the following three components:

**Severance pay**

- 22.1 The entitlement to severance pay of Officers whose permanent workplace is in Israel is subject to the provisions of the Israeli Severance Pay Law, 5723–1963 (the "**Severance Pay Law**").
- 22.2 In the event of dismissal severance pay shall be paid pursuant to the Severance Pay Law, and in the event of resignation any amount that were contributed to relevant funds may be granted to the Officer pursuant to the Remuneration Committee and Board discretion.
- 22.3 Notwithstanding the foregoing, the Company may elect to adopt the provisions of section 14 of the Severance Pay Law by virtue of the conditions of the general approval of the Minister of Labour regarding employers' contributions to the pension fund and to an insurance fund in lieu of severance pay pursuant to section 14 of the Severance Pay Law, 5723–1963. According to this arrangement, the Company's allocations to the severance pay component, which are allocated within the scope of the Officers' comprehensive pension insurance, serve to replace the Company's obligation to pay severance pay and, in the event of a termination of employ that entitles an officer to statutory severance pay, the Company is not required to bear any additional payment in respect of severance pay and is solely obligated to release the severance pay accumulated in the pension insurance to the employee. On the other hand, the Company is obligated to release the accumulated severance pay as stated also in the instance of a resignation that does not entitle an officer to statutory severance pay.
- 22.4 The entitlement to severance pay of Officers whose permanent workplace is outside of Israel is pursuant to the local law in the country of incorporation of the relevant subsidiary.

**Advance-notice period**

- 22.5 The Company's policy is that the Officers are entitled to an advance notice period, as specified hereunder:

<b>Position</b>	<b>Months</b>
CEO	Up to 6 months
All other Officers	Up to 6 months

- 22.6 The entitlement for an advanced notice period shall be determined in the Officers' personal employment contracts.

- 22.7 If requested to do so by the Company, the officer shall continue to actually perform his job during all or a portion of the advance-notice period, all at the sole discretion of the Company. In this instance, the officer shall receive his fixed base salary and the rest of his employment benefits pursuant to the employment contract between him and the Company in respect of the advance- notice period.

### **Retirement grant**

- 22.8 A retirement grant may be given to Officers of the Company, up to maximum cap of 2 times the amount of months of the relevant officer's advanced notice period, including benefits.
- 22.9 In determining the retirement grant amount the Remuneration Committee and the Board shall take into consideration the following:
- 22.9.1 the period of service or employment of the officer (the "**Employment Period**");
  - 22.9.2 the officer's terms of service and employment in the course of the Employment Period;
  - 22.9.3 the Company's performances during the Employment Period;
  - 22.9.4 the contribution of the officer to the achievement of Company's goals and its profits and the circumstances of the termination.
- 22.10 The retirement grant amount will be subject to the approval of Remuneration Committee and the Board.

### **Variable Component - Bonus**

23. The Remuneration Policy is based, *inter alia*, on the assumption that the Officers' remuneration should be effected by the Company's performance and the personal contribution of every officeholder to the achievement of the Company's goals.

### **Annual Bonus**

24. The Officers shall be entitled to an annual bonus based on targets that will be determined and approved on an annual basis by the Remuneration Committee and the Board (the "**Annual Bonus**").

#### 24.1 Threshold Target

- 24.1.1 The Remuneration Committee and the Board shall set annual targets for the Company that are based on at least two financial criteria (e.g. revenues and net profit). The financial criteria shall be based upon the Company's annual work plan and budget approved by the Board.
- 24.1.2 A relative weight shall be assigned to each of the financial criteria for the purpose of calculating the rate in which the Company had reached its annual target (the "**Company's Target**").
- 24.1.3 The Remuneration Committee and the Board shall also determine a certain rate of achieving the Company's Target that will constitute the minimum threshold for Officers' entitlement to the Annual Bonus (the "**Minimum Threshold**").

#### 24.2 Bonus Measures – Personal Targets

- 24.2.1 For the CEO of the Company, the bonus shall be calculated pursuant to the rate of achievement of the Company's Target determined by the Remuneration Committee and the Board as described above.
- 24.2.2 For the Officers of the Company, the Annual Bonus shall be comprised from at least two of the following components and for each shall be assigned with a relative weight for the purpose of calculating the officer's entitlement to the Annual Bonus, all as determined each year by the Board:
  - 24.2.2.1 Between 50% to 80% - the rate of achievement of the Company's Target.
  - 24.2.2.2 Up to 30% - professional measures determined by the CEO for each Officer, based on the specific characteristics of each Officer's professional field and scope of responsibilities, and are aligned with the Company's annual work plan and Company's long term goals.
  - 24.2.2.3 Up to 20% - discretionary evaluation of the Officer's performance by the CEO. The Board and Remuneration Committee do not find this component as material with respect to the other components that compose the performance based compensation.

**24.3 Bonus Maximum Cap**

The annual bonus to the officeholders shall be limited to the maximum cap specified in the table below:

	<b>Maximum Annual Bonus Cap</b>
<b>CEO</b>	Up to 8 monthly base salaries
<b>All other Officers</b>	Up to 5.5 monthly base salaries

The Annual Bonus for officers, will be paid to the officers together with the first salary to be paid to them for the month following the month in which the annual bonus is approved.

**Exceptional Situation**

- 25. In addition to the Annual Bonus, in very special circumstance the Remuneration Committee and the Board at their sole discretion may determine an Officer or Officers are entitled to additional cash bonus for extraordinary or significant achievements or efforts that produced an exceptional result. The conditions for the receipt of such bonuses shall be determined by the Remuneration Committee and the Board in advance. Such bonus shall be up to amount 6 monthly salaries for each Officer, and the value of discretionary variable compensation will not exceed 20% of the Officer total variable remuneration.

**Sign-On Bonus**

- 26. In addition to the Annual Bonus or Exceptional Situation Bonus, the Remuneration Committee and the Board shall be entitled to approve a one-time sign-on bonus to an Officeholder, in the amount of up to one monthly salary, that will be paid during the first year of the Officeholder's employment or service.

**Variable Component – Equity Based Benefits**

27. Equity based remuneration to the Officers shall be determined by the Remuneration Committee and Board, from time to time, based to the following principles (the “**Equity Based Remuneration**”):
- 27.1 The equity remuneration mechanism – options, phantom grants, restricted stock or any other equity instrument that the Remuneration Committee and the Board will deem fit will be granted to the Chairman (the “**Equity Component**”).
  - 27.2 The value of the Equity Component at grant date – the value of the Equity Component at grant date shall be determined based on a recognized economic model for calculating the benefit. The average value per vesting year (i.e. the overall benefit divided by the number of vesting year) shall be limited to up to 12 monthly salaries (excluding bonuses).
  - 27.3 Maximum exercise value of the Equity Component – the Board of Directors of the Company may consider setting a cap on benefit upon exercise.
  - 27.4 The exercise price – the exercise price of the Equity Component shall be determined according to the average of the last 30 trading days preceding the approval of the granting of the options by the Board.
  - 27.5 Vesting and expiration terms
    - 27.5.1 Vesting period shall be at least 12 months from the grant date.
    - 27.5.2 The Equity Component will be granted and the vesting shall be contingent upon the Chairman serving on the vesting date.
    - 27.5.3 The Equity Component may include a mechanism for accelerating vesting in the event of change of control and in the event of dismissal or resignation.
    - 27.5.4 Performance conditions may be set to part or all of the Equity
    - 27.5.5 Component – specifically in case of share units or restricted shares.
    - 27.5.6 The Equity Component shall expire up to 10 years after the grant date.
  - 27.6 Taxation – the Board may choose a preferred tax track, including one that maximizes Chairman benefit.

**The Remuneration Package - General**

28. The relative weights of the various remuneration components are decided in a manner that maintains balance between the various purposes such components are designated to fulfil.
29. Since the Company wants to reward its Officers for their performance and contribution to the achievement of the Company’s goals and objectives, on the one hand, while, on the other hand, it wants to ensure a stable foundation for the officers’ remuneration, the total variable components of the remuneration, including, *inter alia*, the Annual Bonus, the Exceptional Circumstances Bonus and the Equity Based Remuneration, shall not exceed 3 times of the cost of fixed base salary. The Company believes that this division optimally serves its long-term objectives.
30. It is clarified that the Office Holders shall be obligated to repay the Company any amounts paid to them by the Company in accordance with this Remuneration Policy, if those amounts had been paid to them on the basis of data that were subsequently



discovered to be erroneous and were restated correctly in the Company's financial statements during a period of two consecutive periodic financial statements after the approval date of the bonus. The Remuneration Committee shall be responsible for approving the repaid amounts and for setting the terms for such repayment from time to time.

31. Any immaterial amendment of employment terms of an Officeholder which is subject to the CEO will require only CEO approval if said employment terms are aligned with this remuneration policy.

## **PART III - DIRECTORS**

### **Remuneration Policy – Chairman of the Board (the "Chairman")**

#### **Fixed Component**

32. The Chairman shall be entitled to a monthly fixed salary, that will be based upon the percentage of the time that the Chairman's requires to devote in order to comply the duties derive from his position up to NIS 47,500 per month. The Chairman's monthly fixed salary is linked to the consumer price index.
33. Notwithstanding the forgoing, in the event that the Chairman fulfils additional responsibilities or that the Chairman's duties that derive from his position has grown, the Company pursuant to its discretion shall be entitled to grant Chairman a remuneration that is higher from the sum of the monthly reward indicated above, while considering the scope of additional responsibilities and the additional time required to fulfil their other duties and his scope of work for the Company.
34. In addition, sections 30 and 31 notwithstanding, the Chairman will not get the additional benefits such as a company car (or a car allowance) telephone reimbursement, sick leave, recuperation and social benefits but will be entitled to exemption, indemnification, a guarantee for indemnification and insurance as included in the Company's D&O insurance policy.

#### **Reimbursement of expenses**

35. The Chairman shall be entitled to the reimbursement of reasonable expenses that are incurred arising from his responsibilities, including expenses associated with his participation in meetings outside of his country of residence.

#### **Severance Terms**

##### **Advanced Notice**

36. Terms of Remuneration of the Chairman may include an advanced notice period of up to six months, in accordance with the discretion of the Remuneration Committee and the Board. The Chairman shall continue to serve in the Chairman's position during the advanced notice period, unless the Board will decide that the Chairman will not continue to serve as acting Chairman during the advanced notice period (in whole or in part). In addition, in the event that the Chairman will terminate his tenure on the annual general meeting, as originally scheduled, the Chairman shall be entitled to three months advanced notice at the end of his tenure.

### Retirement Grant

37. A retirement grant may be given to Chairman that has served minimum tenure of three years ("**Retirement Grant**").
- 37.1 The Retirement Grant shall be limited to a maximum cap of 2 times the amount of months of the said Chairman advanced notice period, and if an advanced notice period was not set in the terms of remuneration of the said Chairman, up to a maximum cap of 12 months of monthly fee.
- 37.2 In determining the retirement grant amount the Remuneration Committee and the Board shall take into consideration the following:
- 37.2.1 the period of service of the Chairman (the "**Service Period**");
- 37.2.2 the terms of Chairman's service in the course of the Service Period;
- 37.2.3 the Company's performances during the Service Period;
- 37.2.4 the contribution of the Chairman to the achievement of Company's goals and its profits and the circumstances of the termination.
- 37.3 The retirement grant amount will be subject to the approval of Remuneration Committee and the Board.

### Variable components - Bonus

38. The Chairman shall be entitled to an annual bonus based on targets that will be determined on an annual basis by the Remuneration Committee and the Board (the "**Annual Bonus**") pursuant to section 24 above, as follows:
- 38.1 Threshold Target
- 38.1.1 The Remuneration Committee and the Board shall set annual targets for the Company that are based on at least two financial criteria (e.g. revenues and net profit). The financial criteria shall be based upon the Company's annual work plan and budget approved by the Board.
- 38.1.2 A relative weight shall be assigned to each of the financial criteria for the purpose of calculating the rate in which the Company had reached its annual target (the "**Company's Target**").
- 38.1.3 The Remuneration Committee and the Board shall also determine a certain rate of achieving the Company's Target that will constitute the minimum threshold for Officers' entitlement to the Annual Bonus (the "**Minimum Threshold**").
- 38.2 Bonus Measures – Personal Targets
- For the Chairman, the bonus shall be calculated pursuant to the rate of achievement of the Company's Target determined by the Remuneration Committee and the Board as described above.
- 38.3 The annual bonus for the Chairman shall not exceed 7 monthly salaries.

### Equity component

39. The Chairman shall be entitled to participate in the Company's equity based remuneration plans, as determined by the Remuneration Committee and the Board from time to time pursuant to the principles:

- 39.1 The equity remuneration mechanism – options, phantom grants, restricted stock or any other equity instrument that the Remuneration Committee and the Board will deem fit will be granted to the Company’s office holders (hereinafter: the "**Equity Component**").
- 39.2 The value of the Equity Component at grant date – the value of the Equity Component at grant date shall be determined based on a recognized economic model for calculating the benefit. The average value per vesting year (i.e. the overall benefit divided by the number of vesting year) shall be limited to up to 12 monthly salaries (excluding bonuses).
- 39.3 Maximum exercise value of the Equity Component – the Board of Directors of the Company may consider setting a cap on benefit upon exercise.
- 39.4 The exercise price – the exercise price of the Equity Component shall be determined according to the average of the last 30 trading days preceding the approval of the granting of the options by the Board.
- 39.5 Vesting and expiration terms –
- 39.5.1 Vesting period shall be at least 12 months from the grant date.
- 39.5.2 The Equity Component will be granted and the vesting shall be contingent upon the officer being employed by the Company on the vesting date.
- 39.5.3 The Equity Component may include a mechanism for accelerating vesting in the event of change of control and in the event of dismissal or resignation.
- 39.5.4 Performance conditions may be set to part or all of the Equity Component – specifically in case of share units or restricted shares.
- 39.5.5 The Equity Component shall expire up to 10 years after the grant date.
- 39.6 Taxation – the Board may choose a preferred tax track, including one that maximizes employee benefit.

### **The Remuneration Policy – Directors**

40. The Company's External Directors (as defined in the Companies Law) shall be entitled to remuneration pursuant to the applicable law, in accordance with the Company’s equity on their appointment date.
41. Pursuant to the Company’s policy, non-executive directors of the Company who are not External Directors shall be entitled to: (i) a fixed annual fee (the "**Annual Reward**"); and (ii) a participation fee with respect to their participation in the Board meetings and, if applicable, in the Board committee meetings (the "**Participation Fee**"), both up to the applicable maximum amount (in accordance with the Company's equity level) stipulated in the Israeli Companies Regulations (Rules Regarding Compensation and Expense Reimbursement of External Directors), 2000 as in effect on the date of approval of the remuneration.

The following types of meetings shall entitle the non-executive directors to the following remuneration:

Meeting Type	Participation Fee
2 days meeting	150% of the applicable

Meeting held by communication media (i.e. Via conference call or similar means)	60% of the applicable Participation Fee
Written Resolution	50% of the applicable Participation Fee

42. The directors shall be entitled to receive reimbursement for reasonable expenses that are incurred arising from their responsibilities, as is customary in the Company.
43. The Directors of the Company are entitled to exemption, indemnification, a guarantee for indemnification and insurance as included in the Company's D& O insurance policy
44. Except for the entitlement to exemption, indemnification, guarantee for indemnification and insurance as included in the Company's D&O insurance policy, Directors who are employed in other positions in the Company or its Affiliates in consideration and in the scope of at least 50% of a full time job ("**Executive Directors**") shall not be entitled to any remuneration for the service as Directors. Affiliate for this purpose shall mean any other entity that, directly or indirectly, through one or more intermediaries, is controlled by, or is under common control with the Company. The terms "control" and "controlled" include, without limitation, the possession, directly or indirectly, of the power to direct the management and policies of an entity, whether through the ownership of voting securities, by contract or otherwise.

### **Insurance**

45. The Company will be allowed to grant Office Holders liability insurance. Without limiting the foregoing, the Company may, at any time during the currency of the Remuneration Policy, to purchase insurance policies for its Office Holders (including officers and/or their relatives who are controlling shareholders), as shall serve from time to time, to extend and/or renew their existing insurance policies and/or take out a new policy on the renewal date or during the period of insurance, with the same insurer or another insurer in Israel or abroad, including run-off coverage, provided that these policies will be based on the following principal terms and Remuneration Committee approval:
- 45.1 The Limit of Liability in respect of any future insurance policy that will be purchased shall not exceed USD 30,000,000 for a single claim and for the entire period of the insurance;
- 45.2 The annual premium for the insurance shall not exceed USD 60,000;
- 45.3 All future insurance policies that will be purchased as aforesaid may include entity cover (insurance in case of proceedings that are brought against the Company) for claims on the matter of securities laws, whether such claims be filed against the Company only and either be filed against the Company and against the Office Holders of the Company and/or of corporations held by it.