

DIRECTORS AND OFFICERS' LIABILITY  
AND COMPANY REIMBURSEMENT  
INSURANCE POLICY

2017

## DIRECTORS AND OFFICERS' LIABILITY AND COMPANY REIMBURSEMENT INSURANCE POLICY

NOTICE: THIS IS **A CLAIMS MADE POLICY**. EXCEPT AS MAY BE OTHERWISE PROVIDED HEREIN, THE COVERAGE PROVIDED BY THIS POLICY IS LIMITED TO LIABILITY FOR CLAIMS FIRST MADE DURING THE INSURANCE PERIOD AND WHICH ARE ARISING OUT OF WRONGFUL ACTS COMMITTED DURING THE PERIOD OF INSURANCE OR SUBSEQUENT TO THE RETROACTIVE DATE. READ AND REVIEW THE POLICY CAREFULLY.

In consideration of the payment of the premium, or the undertaking to pay the premium the **INSURER** agrees as follows:

## 1. INSURANCE COVER

### A. DIRECTORS AND OFFICERS LIABILITY

The **INSURER** shall pay the **LOSS** of each **INSURED** resulting from any **CLAIM** first made against the **INSURED** during the **POLICY PERIOD** and notified to the **INSURER** in accordance with the policy's terms and conditions, for any **WRONGFUL ACT** committed following the Retroactive Date specified in the Schedule, in the **INSURED's** capacity as a **DIRECTOR OR OFFICER** of the **COMPANY** except for and to the extent that the **COMPANY** has indemnified the **INSURED**.

### B. CORPORATE REIMBURSEMENT

The **INSURER** shall pay the **LOSS** of the **COMPANY** resulting from any **CLAIM** first made against the **INSURED** during the **POLICY PERIOD** and notified to the **INSURER** in accordance with the policy's terms and conditions, for any **WRONGFUL ACT** which occurred following the Retroactive Date specified in the Schedule, in the **INSURED's** capacity as a **DIRECTOR OR OFFICER** of the **COMPANY** but only when and to the extent that the **COMPANY** is permitted or required by the law, to indemnify the **INSURED** for the **LOSS**.

Subject to the terms and conditions of this policy, the **INSURER** shall advance **DEFENCE COSTS** resulting from any **CLAIM** before its final resolution.

## 2. DEFINITIONS

**2.1 ASSOCIATED COMPANY** means any company in respect of which the **POLICYHOLDER** owns on or before the inception of the **POLICY PERIOD** less than 50 percent of the issued and outstanding voting shares either directly, or indirectly through one or more of its **SUBSIDIARIES**.

**2.2 CLAIM** means:

- (i) Any suit or proceeding brought by any person or organization against an **INSURED** for monetary damages or other relief, including non-pecuniary relief;
- (ii) Any written demand or any announcement, from any person or organization that it is the intention of the person or organization to hold an **INSURED** responsible for the results of any specified **WRONGFUL ACT**;
- (iii) Any criminal proceeding, including criminal prosecution brought against an **INSURED**;

(iv) Any administrative or regulatory proceeding or official investigation regarding any specified **WRONGFUL ACT** of an **INSURED**;

Any **CLAIM** or **CLAIMS** arising out of, based upon or attributable to a **SINGLE WRONGFUL ACT** shall be considered to be a single **CLAIM** for the purposes of this policy.

**2.3 COMPANY** means the **POLICYHOLDER** specified in Item 1 of the Schedule and any **SUBSIDIARY**, or **SUBSIDIARY** of a **SUBSIDIARY**, division, sector, region, product group or other internal **COMPANY** structure or segment detailed in an organization chart or similar document and which has been granted this status by the **POLICYHOLDER** or any **SUBSIDIARY** before the date of the **WRONGFUL ACT**.

**2.4 CONTINUITY DATE(S)** means the date(s) specified in Item 6 of the Schedule. The pending and prior litigation **CONTINUITY DATE** shall be the date from which the **POLICYHOLDER** has maintained uninterrupted cover with the **INSURER**, or with any other **INSURER** if the initial proposal form submitted to such **INSURER** is provided to and accepted by the **INSURER** at the inception of this policy, or such other date(s) as agreed with the **INSURER**.

**2.5 DEFENCE COSTS** means reasonable and necessary fees, costs and expenses incurred after informing the **INSURER** in advance and in writing. The **INSURER** will not be unreasonably withhold or unduly delay payment (including premiums for any appeal bond, attachment bond or similar bond, but without obligation to apply for or furnish any bond) resulting solely from the investigation, adjustment, defence and appeal of any **CLAIM but shall not include the salary of any INSURED**.

Should there appear to be a conflict of interest between the respective **INSURED's** or the **COMPANY**, then as may be reasonably required separate lawyers may be appointed to protect their respective interests.

**2.6 DIRECTOR or OFFICER** means any natural person who were, now are, or shall be duly appointed or elected as a director, general manager, managing director, deputy general manager, or vice general manager of the **COMPANY**, and any other manager who is directly subject to the authority of the general manager, and any other natural person who fulfills a function mentioned above, even if his title differs therefrom. **DIRECTOR or OFFICER** shall also mean all persons who were, now are, or shall be construed to be **DIRECTORS and/ or OFFICERS** of the **COMPANY** within the meaning of any applicable statutes, bylaws, memorandum and articles of association or other law or regulation governing such matters within the jurisdiction of the domicile of the **COMPANY**, including but not limited to : president, chief executive officer, deputy general manager, vice general manager, internal legal adviser, internal auditor, treasurer, comptroller, **COMPANY** secretary, observer, **COMPANY** spokesman.

**DIRECTOR or OFFICER** shall also mean any employee of the **COMPANY**, but only for a **CLAIM** alleging **WRONGFUL ACT(S)** committed by the employee in a supervisory role or managerial capacity and/or any other employee that the management of the respective **COMPANY** deems to regard him being in managerial or supervisory position, even if his title is different.

**2.7 DISCOVERY PERIOD** means the period of time specified in Extension 4.4, immediately following the termination of this policy during which written notice may be given to the **INSURER** of any **CLAIM** first made against the **INSURED** during such period of time for any **WRONGFUL ACT** occurring prior to the end of the **POLICY PERIOD** and otherwise covered by this policy.

**2.8 EMPLOYMENT PRACTICE CLAIM** means any **CLAIM** or series of related **CLAIMS** relating to a past, present or prospective employee of the **COMPANY** and arising out of any actual or alleged unfair or wrongful dismissal, discharge or termination, either actual or constructive, of employment, employment-related misrepresentation, wrongful failure to employ or promote, wrongful deprivation of career opportunities, wrongful discipline; failure to furnish accurate job references; failure to grant tenure or negligent employee evaluation; or work place or racial or disability harassment of any kind (including the alleged creation of a harassing work place environment); or sexual harassment (Subject to exclusion 3.12), or unlawful discrimination, whether direct, indirect, or failure to provide adequate employee policies and procedures, provided that the cause of action stipulated in the **CLAIM** does not arise under or derive from infringement of any specific Labour Law, or any stipulation in a group agreement which the **COMPANY** is subject to.

**2.9 FULL ANNUAL PREMIUM** means the annual premium level in effect immediately prior to the end of the **POLICY PERIOD**.

**2.10 INSURED** means any natural person who was, is, or shall become a **DIRECTOR OR OFFICER** of the **COMPANY**. Cover will automatically apply to any natural person who becomes a **DIRECTOR or OFFICER** after the inception date of this Policy.

With regard to **EMPLOYMENT PRACTICE CLAIMS** only, the term **INSURED**, shall include any past, present and future employee of the **COMPANY**.

**INSURED** shall also include any natural person in his capacity as a non-salaried **DIRECTOR and/or OFFICER** of the **COMPANY**, in accordance with a management agreement between the **COMPANY** and the entity on behalf of the natural person, who receives the payment for the services under an invoice. It is hereby declared and agreed that the **INSURER** waives the right of subrogation against the said entity and its employees, other than as provided in Section 5.10 hereunder.

**It is also hereby agreed that any CLAIM brought by said entity against any DIRECTOR and/or OFFICER is excluded.**

**2.11 INSURER** means Clal Insurance Company Ltd.

**2.12 LOSS** means damages, judgments, settlements and **DEFENCE COSTS**; however, **LOSS** shall not include civil or criminal fines or penalties imposed by law, non-compensatory damages including punitive or exemplary damages (other than damages awarded for libel and slander), taxes, any amount for which the **INSURED** is not legally liable or matters which are uninsurable under the law pursuant to which this policy shall be construed. **LOSS** shall include financial obligation imposed on the **INSURED**, in favor of a third party in respect of a **WRONGFUL ACT** committed while serving in a capacity of a **DIRECTOR or OFFICER** of the **COMPANY**.

Damages, judgments, settlements and **DEFENCE COSTS** incurred in more than one **CLAIM** against the **INSURED** but resulting from a **SINGLE WRONGFUL ACT** shall constitute a single **LOSS**.

**2.13 NO LIABILITY** means:

(i) A final judgment of **NO LIABILITY** obtained prior to trial in favor of all **INSURED'S** by reason of a motion to dismiss or a motion for summary judgment after the exhaustion of all appeals;

or

(ii) A final judgment of **NO LIABILITY** obtained after trial in favor of all **INSURED'S**, after the exhaustion of all appeals.

In no event shall the term **NO LIABILITY** apply to a **CLAIM** made against an **INSURED** for which a settlement has occurred.

**2.14 NOT-FOR-PROFIT ENTITY** means an entity as defined in the Not For Profit Registrar according to the Israeli Not For Profit Entity Law, 1980, or any similar entity organized under the laws of any other jurisdiction, or trade association which for the purposes of this policy shall mean a body or persons, whether incorporated or not, which is formed for the purpose of furthering the trade interests of its members, or of persons represented by its members.

**2.15 OUTSIDE ENTITY** means any **ASSOCIATED COMPANY**, any **NOT-FOR-PROFIT ENTITY** or any other corporation, partnership, joint venture or other organization which has been listed by endorsement to this policy.

**2.16 POLICYHOLDER** means the organization specified in Item 1 of the Schedule.

**2.17 POLICY PERIOD** means the period of time from the inception date to the expiry date specified in Item 2 of the Schedule.

**2.18 POLLUTANTS** include (but are not limited to) any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapour, soot, fumes, acids, alkalis, chemicals and waste. Waste includes (but is not limited to) materials to be recycled, reconditioned or reclaimed.

**2.19 SECURITY** means any note, stock, bond, debenture, evidence of indebtedness, share or other equity or debt **SECURITY** of the **COMPANY**, and shall include any certificate of interest or participation in, receipt for, warrant or other right to subscribe to or purchase (including options), voting trust, certificate relating to, certificate of deposit for, or other interest in any of the foregoing.

**2.20 SINGLE WRONGFUL ACT** means a **WRONGFUL ACT** or any related, continuous or repeated **WRONGFUL ACTS**, whether committed by the **INSURED** individually or by more than one **INSURED** and whether directed to or affecting one or more than one person or legal entity.

**2.21 SUBSIDIARY** means companies in which the **POLICYHOLDER**, either directly, or indirectly through one or more of its **SUBSIDIARIES**;

(i) Controls the composition of half or more of the board of directors; or

(ii) Controls 50% or more of the voting power; or

(iii) Holds 50% or more of the issued share capital.

**SUBSIDIARY** shall also mean any registered partnership where the **POLICYHOLDER** or any of its **SUBSIDIARIES**, own half or more of the rights prescribed in the subsections above.

Cover for any **CLAIM** against any of the **DIRECTORS, OFFICERS** and employees of any **SUBSIDIARY** shall apply only for **WRONGFUL ACT(S)** committed while such **COMPANY** is or was a **SUBSIDIARY** of the **POLICYHOLDER**. However, upon written request by the **POLICYHOLDER**, the **INSURER** shall consider, after assessment and evaluation of the increased exposure, granting cover for **WRONGFUL ACT(S)** committed prior to the acquisition of the **SUBSIDIARY** by the **POLICYHOLDER**.

**2.22 TRANSACTION** means any one of the following events:

- (i) The **POLICYHOLDER** consolidates with or merges into or sells or transfers all or substantially all of its assets to any other person or entity or group of persons and/or entities acting in concert; or
- (ii) Any person or entity, whether individually or together with any other person or persons, entity or entities acquires an amount of the outstanding shares representing more than 50 per cent of the voting power for the election of **DIRECTORS** of the **POLICYHOLDER**, or acquires the voting rights for such an amount of the shares; or
- (iii) The insolvency or receivership of the **COMPANY** or a nomination of a Trustee, Receiver, Liquidator to the **COMPANY** or any nomination of a Special Manager which is authorised to act for the **COMPANY**'s dissolution, or the issuance of an Order for Cessation of proceedings against the **COMPANY**.

**2.23 WRONGFUL ACT** means any actual or alleged breach of duty, breach of trust, neglect, error, misstatement, misleading statement, omission, breach of warranty of authority, or misuse of authority, libel, slander, defamation, or other act by the **INSURED** in their respective capacities as a **DIRECTOR or OFFICER** of the **COMPANY** or as a **DIRECTOR OR OFFICER** of any outside entity, or any matter claimed against them solely because of their status as a **DIRECTOR, OFFICER** of the **COMPANY**.

Cover for any **CLAIM** shall apply only for **WRONGFUL ACT(S)** committed following the retroactive date specified in the Schedule.

For the avoidance of any doubts, in regard to Israel, but only to the extent that such definition does not derogate from the coverage granted by this policy, **WRONGFUL ACT** shall also include the following:

Any act performed by an **INSURED** in his/her capacity as **DIRECTOR OR OFFICER** in the **COMPANY**, giving rise to a liability which the **COMPANY** may enter into a contract to insure, according to article 261 of the Israel Companies Law 5729-1999, including its subparagraphs and/or according to similar law of other jurisdiction, including but not limited to the following:

- (i) A breach of duty of care towards the **COMPANY** or any other person;
- (ii) A breach of fiduciary duty towards the **COMPANY** provided that the **INSURED** acted in good faith and had reasonable grounds to believe that such act should not prejudice the interests of the **COMPANY**.

### 3. EXCLUSIONS

The INSURER shall not be liable to make any payment for LOSS in connection with any CLAIM made against the INSURED:

**3.1 Arising out of, based upon or attributable to:**

- (i) The gaining in fact of any personal profit or advantage to which the INSURED was not legally entitled;
- (ii) Profits in fact made from the purchase or sale by the INSURED of SECURITIES of the COMPANY within the meaning of Section 16(b) of the Securities Exchange Act of 1934 (USA) or section 52b of the Securities Law- 1968 and any amendments thereto or any similar provisions of any state statutory law;
- (iii) The committing in fact of any dishonest or fraudulent act.

For the purpose of determining the applicability of these exclusions, the WRONGFUL ACT of any INSURED shall not be imputed to any other INSURED.

These exclusions shall only apply if it is established through a judgment, or any other final adjudication adverse to the INSURED, or any admission by an INSURED that the relevant conduct did in fact occur.

**3.2 Arising out of, based upon or attributable to the facts alleged or to the same or related WRONGFUL ACT(S) alleged or contained in any CLAIM which has been reported or in any circumstances of which notice has been given under any policy of which this policy is a renewal or replacement or which it may succeed in time.**

**3.3 Arising out of, based upon or attributable to any pending or prior litigation as of the pending and prior litigation CONTINUITY DATE specified in Item 6(i) of the Schedule, or alleging or deriving from the same or essentially the same facts as alleged in the pending or prior litigation.**

**3.4 Which are brought by or on behalf of any INSURED or the COMPANY; provided, however, that this exclusion shall not apply to:**

- (i) Any EMPLOYMENT PRACTICE CLAIM brought by any INSURED;
- (ii) Any CLAIM brought or maintained by an INSURED for contribution or indemnity, if the CLAIM directly results from another CLAIM otherwise covered under this policy;

- (iii) Any derivative action brought or maintained on behalf of the COMPANY without the solicitation, voluntary assistance or participation of any INSURED or the COMPANY.
  - (iv) Any CLAIM brought or maintained by a liquidator, receiver or administrative receiver, trustee or special manager appointed by a public authority or by a court of law, either directly or derivatively on behalf of the COMPANY without the solicitation, voluntary assistance or participation of any INSURED or the COMPANY;
  - (v) Any CLAIM brought or maintained by any former DIRECTOR OR OFFICER of the COMPANY.
  - (vi) Whistleblower CLAIMS.
- 3.5 Arising out of, based upon or attributable to or in any way involving, directly or indirectly, the actual, alleged or threatened discharge, dispersal, release or escape of POLLUTANTS; or any direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize POLLUTANTS, nuclear material or nuclear waste.
- Provided, however, that this exclusion shall not apply to any CLAIM made against the INSURED by any shareholder of the COMPANY either directly or derivatively, alleging damage to the COMPANY or its shareholders, unless on or before the pollution CONTINUITY DATE specified in Item 6(ii) of the Schedule, the COMPANY, the INSURED or any employee of the COMPANY with managerial responsibilities over environmental affairs, control or compliance, knew or could have reasonably foreseen that there existed any situation, circumstance or WRONGFUL ACT which could have given rise to a CLAIM against the COMPANY, or the INSURED.
- 3.6 In a capacity as trustee or fiduciary under law (statutory or non-statutory including common) of any pension, profit sharing or employee benefits programme, including but not limited to an actual or alleged violation of the responsibilities, obligations or duties imposed by the Employee Retirement Income Security Act of 1974 (USA) or the Pensions Act 1995 (UK) and any amendments thereto or any similar provisions of the law, common or statutory, of any state, territory, jurisdiction, or political subdivision thereof.
- 3.7 Arising out of, based upon or attributable to any act or omission in the INSURED's capacity as a DIRECTOR OR OFFICER of any entity other than the COMPANY, or by reason of the INSURED's status as a DIRECTOR, OFFICER or employee of the other entity, other than as provided in Extension 4.3.

- 3.8 For bodily injury, sickness, disease, death or emotional distress of any person, or damage to or destruction of any tangible property, including LOSS of use thereof; provided, however, that any CLAIM for emotional distress shall not be excluded with respect to an EMPLOYMENT PRACTICE CLAIM.**
- 3.9 For LOSS or damage directly or indirectly occasioned by war, invasion, acts of foreign enemies, hostilities or war-like operations (whether war be declared or not), civil war, mutiny, civil commotion assuming the proportions of or amounting to a popular rising, military rising, insurrection, rebellion, revolution, military or usurped power, martial law, confiscation or nationalization or requisition or destruction of or damage to property by or under the order of any government or public or local authority or any act of any person or persons acting on behalf or in connection with any organization the objects or which are to include the overthrowing or influencing of any de jure or de facto government by terrorism or by any violent means. Terrorism as stated above means an act or threat of violence or an act harmful for human life, tangible or intangible property or infrastructure, with the purpose or effect of influencing any government or of putting the public or any section of the public in fear.**
- 3.10 Arising out of, based upon or attributable to or in any way involving actual or alleged liability whatsoever for any CLAIM or CLAIMS in respect of LOSS or LOSSES directly or indirectly arising out of, resulting from or in any way involving asbestos, or any materials containing asbestos in whatever form or quantity.**
- 3.11 Based upon or attributable to the actual or intended public offering of SECURITIES of the COMPANY.**

**This exclusion shall not apply to any public offering made prior to the inception of this policy.**

- 3.12 For sexual harassment as described below:**
- a. For sexual harassment against an INSURED who is alleged to have sexually harassed, if such INSURED was found guilty or reached a settlement with the Plaintiff.**
  - b. For sexual harassment, unless the INSURED took all the steps required by an employer, in accordance with the Sexual Harassment Prevention Law 1998.**

## 4. EXTENSIONS

Subject to all of the terms and conditions of this policy, cover is extended as follows:

**4.1 REPRESENTATION AT INVESTIGATIONS AND EXAMINATIONS** This policy shall provide cover for any reasonable and necessary fees, costs and expenses incurred resulting from any legally required attendance by any **DIRECTOR or OFFICER** of the **COMPANY** at any official investigation, examination, inquiry or other similar proceeding in relation to the affairs of the **COMPANY**.

If the **DIRECTOR or OFFICER** of the **COMPANY** believe that as a result of such official investigation, examination, inquiry or other similar proceeding, circumstances exist which may reasonably be expected to give rise to a **CLAIM**, notice must be given to the **INSURER** of the circumstances and the reasons for anticipating a **CLAIM**, with full particulars as to dates and persons involved in accordance with General provision 5.5.

### 4.2 NEW SUBSIDIARIES

Cover under this policy is extended to any **SUBSIDIARY** which the **POLICYHOLDER** acquires or creates after the inception date of this policy provided that the **SUBSIDIARY**:

(i) Has total gross assets which are less than the amount specified in Item 7 of the Schedule;

and

(ii) Does not have a listing of any of its **SECURITIES** on any exchange.

If a newly acquired or created **SUBSIDIARY** fails to meet conditions (i) and (ii) above the **POLICYHOLDER** may request an extension of this policy for such **SUBSIDIARY** provided that the **POLICYHOLDER** shall give the **INSURER** sufficient details to permit the **INSURER** to assess and evaluate the **INSURER's** potential increase in exposure. The **INSURER** shall be entitled to amend the policy terms and conditions, during the **POLICY PERIOD**, including by the charging of additional premium, according to what is accepted by the **INSURER** at the time, in relation to other **INSURED** with a similar risk and characteristic profile.

Unless otherwise agreed, cover as is afforded to the **DIRECTORS or OFFICERS** of any **SUBSIDIARY** by virtue of this extension shall only apply for **WRONGFUL ACT(S)** committed while such **COMPANY** is or was a **SUBSIDIARY** of the **POLICYHOLDER**.

### 4.3 OUTSIDE DIRECTORSHIPS

Cover includes **LOSS** arising from any **CLAIM** made against any **INSURED** who was, is or may become, at the specific request of the **COMPANY**, a **DIRECTOR or OFFICER** of any **OUTSIDE ENTITY** for any **WRONGFUL ACT** in the **INSURED's** capacity as a **DIRECTOR or OFFICER** of the **OUTSIDE ENTITY**.

This cover shall be specifically excess of any insurance in force in respect of the **OUTSIDE ENTITY** as well as any indemnification provided by the **OUTSIDE ENTITY**.

The cover provided by this clause shall not apply in connection with any **CLAIM** made against any **INSURED** by the **OUTSIDE ENTITY**, any of its **DIRECTORS or OFFICERS** or any shareholder of the **OUTSIDE ENTITY** holding more than 20 per cent of the issued and outstanding voting share capital of the **OUTSIDE ENTITY**.

### 4.4 DISCOVERY PERIOD

If the **INSURER** refuses to offer any reasonable terms or conditions to renew this policy, or the **POLICYHOLDER** refuses to renew this policy, then the **POLICYHOLDER** shall have the right to a **DISCOVERY PERIOD** of 12 months following the effective date of non-renewal:

- (i) Provided the **POLICYHOLDER** cannot renew or replace this policy with or cannot purchase, effect or otherwise acquire, any other policy affording **DIRECTORS or OFFICERS** liability or similar liability cover; and
- (ii) Upon payment of an additional premium of 75% of the **FULL ANNUAL PREMIUM**.

The **INSURED** shall be entitled to a 60-day **DISCOVERY PERIOD** at no additional premium if this policy is not renewed by the **INSURER**.

If the **POLICYHOLDER** elects to purchase a **DISCOVERY PERIOD**, this 60-day **DISCOVERY PERIOD** shall be part of and not in addition to the purchased **DISCOVERY PERIOD**.

To purchase the **DISCOVERY PERIOD**, the **POLICYHOLDER** must request its purchase in writing within 30 days of the termination date of the policy and must tender the additional premium within 60 days of the termination date. The additional premium is not refundable and the **DISCOVERY PERIOD** is not cancellable.

If a **TRANSACTION** takes place, then the **POLICYHOLDER** shall not have the right to purchase a **DISCOVERY PERIOD** as set out above. However, the **POLICYHOLDER** shall have the right within 60 days of the end of the **POLICY PERIOD** to request an offer from the **INSURER** of a **DISCOVERY PERIOD** of up to 84 months. The **INSURER** shall have the right but not the duty to offer a **DISCOVERY PERIOD** with terms, conditions and premium as the **INSURER** may reasonably decide.

No **DISCOVERY PERIOD** of any length is available in the event of this policy being cancelled due to non-payment of premium, or the circumstances detailed in articles 6(c), 7, 17 and 18 of the Insurance Contract Law 5741-1981.

Nothing in the aforementioned will derogate from the **INSURED's** right according to Article 8 and 19 of the Insurance Contract Law 5741-1981.

#### 4.5 HEIRS, ESTATES AND LEGAL REPRESENTATIVES

If an **INSURED** dies, becomes incompetent, insolvent or bankrupt, this policy shall cover **LOSS** arising from any **CLAIM** made against the estate, heirs, or legal representatives of the **INSURED** for any **WRONGFUL ACT** of such **INSURED**.

#### 4.6 JOINT PROPERTY LIABILITY

This policy shall cover **LOSS** arising from any **CLAIM** made against the lawful spouse (whether that status is derived by reason of the statutory law, common law or otherwise of any applicable jurisdiction in the world) of an **INSURED** for any **CLAIM** arising out of his or her status as the spouse of an **INSURED** including any **CLAIM** that seeks damages recoverable from marital community property or property jointly held by the **INSURED** and the spouse; provided, however, that this extension shall not afford cover for any **CLAIM** for any **WRONGFUL ACT** of the spouse and that this policy shall apply only to **WRONGFUL ACT(S)** of an **INSURED**.

#### 4.7 CRISIS COMMUNICATION EXTENSION

If the **COMPANY** reasonably considers that urgent action is needed in order to avert or mitigate a **LOSS** for which coverage would apply, the **COMPANY** shall be entitled to employ the services of a Public Relations Consultancy to be approved by the **INSURER** for that purpose, provided that written notice of the **CLAIM** or circumstances which may give rise to a **CLAIM**, together with details of any action taken or to be taken by or in conjunction with the Public Relations Consultancy is given to the **INSURER** as soon as is reasonably practicable and in any event within 30 days of the **COMPANY** first becoming aware of the matter.

Any fees or costs reasonably incurred by the **COMPANY** for the employment of the Public Relations Consultancy will be reimbursed by the **INSURER**, subject to a maximum limit of liability of USD 150,000 any one **CLAIM** and in the aggregate (which is a part of the limits of liability and not in excess of the limit). This extension shall not be subject to any deductible.

#### 4.8 CRISIS MANAGEMENT EXTENSION

The **DIRECTORS or OFFICERS** shall be entitled to request advice from the **INSURER** upon giving notice of any circumstances which in their opinion might subsequently give rise to a **CLAIM** for which coverage would apply, as to their legal position any steps which may be appropriate to avert or minimize the risk of such a **CLAIM**. The **INSURER** agrees to bear the cost of obtaining advice in relation to any such circumstances, up to a limit of USD 50,000 per **DIRECTOR or OFFICER** any one request and USD 150,000 in the aggregate for all requests made under this provision (which is a part of the limits of liability and not in excess of the limit).

Any costs borne by the **INSURER** under this provision will be paid separately from any payment which may become due hereunder upon a **CLAIM** being made in respect of such circumstances and the **INSURER** retains the right to appoint or approve any lawyers or other advisors from whom advice is to be taken. This extension shall not be subject to any deductible.

#### 4.9 RETIRED DIRECTORS OR OFFICERS

If the **POLICYHOLDER** does not renew or replace this policy with any other policy affording **DIRECTORS or OFFICERS** liability cover and a **DISCOVERY PERIOD** is not elected under extension 4.4, a **DISCOVERY PERIOD** of 84 months after the date of such non renewal will be provided under this policy, during which time written notice may be given to the **INSURER** of any **CLAIM** first made against any **DIRECTOR or OFFICER** of the **COMPANY**, who retired before the date of non renewal and which **CLAIM** is otherwise covered by this policy. This extension is not available in the event of a **TRANSACTION**.

#### 4.10 EMERGENCY COSTS

If, due to an emergency, the **INSURER's** written consent cannot reasonably be obtained before **DEFENCE COSTS** are incurred with respect to any **CLAIM**, the **INSURER** will give retrospective approval for such **DEFENCE COSTS** of up to a limit in the aggregate of USD 25,000, which is part of the overall **LIMIT OF LIABILITY** and not in addition thereto.

#### 4.11 COVER FOR PUBLIC OFFERINGS OF SECURITIES

In the event that the **COMPANY** will consider any public offering of **SECURITIES**, and at the **POLICYHOLDER'S** request, prior to the public announcement of such **SECURITIES** offering the **INSURER** will remove Exclusion 3.11 subject to receipt from the **COMPANY** of:

- (i) Written declaration signed and dated by the Chairman or Chief Executive Officer stating that the offering is not in contravention of the Articles of Association, Constitution, laws or bye-laws of the **COMPANY** and that after enquiry to the best of his knowledge and belief he is not aware of any circumstance which could give rise to a **CLAIM** against any **INSURED** or the **COMPANY**,
- (ii) A copy of all filings and/or documents which have been or are presented to any relevant authority and/or the existing and/or prospective shareholders or stockholders of the **COMPANY**,
- (iii) Such additional premium together with agreement to any revised terms conditions and/or exclusions as may be required by the **INSURER**, and according to what is accepted by the **INSURER** at the time, in relation to other **INSUREDS** with a similar risk and characteristic profile.

## 5. GENERAL PROVISIONS

### 5.1 REPRESENTATION AND SEVERABILITY

In granting cover to any one **INSURED**, the **INSURER** has relied upon the material statements and particulars in the proposal together with its attachments and other information supplied. These statements, attachments and information are the basis of cover and shall be considered incorporated and constituting part of this policy.

The proposal form shall be considered as a separate proposal by each of the **INSURED**. With respect to statements and particulars in the proposal form no statement made or knowledge possessed by any **INSURED** shall be imputed to any other **INSURED** to determine whether cover is available for any **CLAIM** made against the **INSURED**.

### 5.2 CHANGES IN RISK DURING POLICY PERIOD

- (i) If during the **POLICY PERIOD** a **TRANSACTION** takes place, then the cover provided under this policy is amended to apply only to **WRONGFUL ACT(S)** committed prior to the effective date of the **TRANSACTION**.
- (ii) If during the **POLICY PERIOD**, the **COMPANY** decides to make an initial offering of its **SECURITIES** in any jurisdiction, whether its **SECURITIES** are already traded or not, by any means, public or private, then the cover provided under this policy is amended to apply only to **WRONGFUL ACT(S)** committed prior to the effective date of such offering, unless exclusion 3.12 was deleted in accordance with Extension 4.11.

### 5.3 LIMIT OF LIABILITY

The limit of liability specified in Item 3 of the Schedule is the total aggregate limit of the **INSURER's** liability for all **LOSS**, arising out of all **CLAIMS** made against all **INSUREDS** under all insurance covers under this policy combined. The limit of liability for the **DISCOVERY PERIOD** shall be part of and not in addition to the total aggregate limit of liability for the **POLICY PERIOD**. **LOSS** arising from any **CLAIM** which is made subsequent to the **POLICY PERIOD** or **DISCOVERY PERIOD** which pursuant to General provision 5.5 is considered made during the **POLICY PERIOD** or **DISCOVERY PERIOD** shall also be subject to the same total aggregate limit of liability.

In respect of a **CLAIM** filed against an **INSURED** within the jurisdiction of the courts of Israel, it is agreed that in the event of a **LOSS**, including **DEFENCE COSTS**, exceeding the total aggregate limit of liability for **LOSS**, then this policy shall cover reasonable **DEFENCE COSTS** exceeding the total aggregate limit of liability for **LOSS**, in accordance with article 66 of the Insurance Contract Law 5741-1981.

In respect of a **CLAIM** filed against the **INSURED** outside the jurisdiction of the courts of Israel, the reasonability of the **DEFENCE COSTS** will be considered based on reasonable **DEFENCE COSTS** in a **CLAIM** filed in Israel, based on Israeli law.

#### 5.4 RETENTION

The **INSURER** shall only be liable for the amount of **LOSS** arising from a **CLAIM** which is in excess of the retention amount specified in Item 4 of the Schedule with regard to all **LOSS** under all insurance covers under this policy for which the **COMPANY** has indemnified or is permitted or required to indemnify the **INSURED**. The retention amount is to be borne by the **COMPANY** and shall remain uninsured. A single retention amount shall apply to **LOSS** arising from all **CLAIMS** alleging a **SINGLE WRONGFUL ACT**.

Provided, however, that no retention shall apply and the **INSURER** shall thereupon reimburse any **DEFENCE COSTS** paid by the **COMPANY**, in the event of:

- (i) A final determination of **NO LIABILITY** of all **INSUREDS**, or
- (ii) A dismissal or a stipulation to dismiss the **CLAIM** without prejudice and without the payment of any consideration by any **INSURED**.

Provided, however, that in the case of (ii) above, such reimbursement shall occur 90 days after the date of dismissal or stipulation as long as the **CLAIM** is not re-brought (or any other **CLAIM** which is subject to the same single retention by virtue of this General provision 5.4 is not brought) within that time, and further subject to an undertaking by the **COMPANY** in a form acceptable to the **INSURER** that such reimbursement shall be paid back by the **COMPANY** to the **INSURER** in the event the **CLAIM** (or any other **CLAIM** which is subject to the same single retention by virtue of this General provision 5.4) is brought after such 90 day period.

#### 5.5 HOW TO GIVE NOTICE AND REPORT A CLAIM

- (i) Notice of a **CLAIM** or of circumstances which may result in a **CLAIM** shall be given in writing to the claims department, Clal Insurance Company Ltd., 36 Raul Valenberg St. Kiryat Atidim Park, Tower 8, P.O.B 37070, Tel-Aviv 6136902 or by facsimile to +972 77 6383053. If posted the date of posting shall constitute the date that notice was given, and proof of posting shall be sufficient proof of notice.
- (ii) The **COMPANY** or the **INSURED** shall give written notice to the **INSURER** as soon as practicable of any **CLAIM** made against an **INSURED** prior to the end of the **POLICY PERIOD** or **DISCOVERY PERIOD** and either:

(a) Any time during the **POLICY PERIOD** or during the **DISCOVERY PERIOD**;

Or

(b) Within 60 days after the end of the **POLICY PERIOD** or the **DISCOVERY PERIOD**, as long as such **CLAIM(S)** is reported no later than 60 days after the date such **CLAIM** was first made against an **INSURED**.

In case of breach of the **INSURED's** duty to notify the **INSURER** of any **CLAIM** in accordance with Section 22 of the Insurance Contract Law – 1981, the **INSURER** shall be entitled to relief in accordance with the provisions of Sections 24-25 of the Insurance Contract Law – 1981.

(iii) If during the **POLICY PERIOD** or during the **DISCOVERY PERIOD** written notice of a **CLAIM** against an **INSURED** has been given to the **INSURER** pursuant to the terms and conditions of this policy, then any **CLAIM** arising out of, based upon or attributable to the facts alleged in the **CLAIM** previously notified to the **INSURER** or alleging a **SINGLE WRONGFUL ACT** which is the same as or related to any **WRONGFUL ACT** alleged in the previously notified **CLAIM**, shall be considered made against the **INSURED** and reported to the **INSURER** at the time the first notice was given.

(iv) If during the **POLICY PERIOD** or during the **DISCOVERY PERIOD**, the **COMPANY** or the **INSURED** shall become aware of any circumstances which may reasonably be expected to give rise to a **CLAIM** being made against an **INSURED** and shall give written notice to the **INSURER** of the circumstances and the reasons for anticipating a **CLAIM**, with full particulars as to dates and persons involved, then any **CLAIM** which is subsequently made against an **INSURED** and reported to the **INSURER** arising out of, based upon or attributable to the circumstances or alleging any **WRONGFUL ACT** which is the same as or related to any **WRONGFUL ACT** alleged or contained in those circumstances, shall be considered made against the **INSURED** and reported to the **INSURER** at the time the notice of the circumstances was first given.

## 5.6 ADVANCEMENT OF COSTS

The **INSURER** shall advance to the **INSURED** or the **COMPANY** on a current basis, **DEFENCE COSTS** which have been approved in advance by the **INSURER** under all insurance covers under this policy before the final disposition of the **CLAIM**. In case such approval has not been obtained in advance, the **INSURER** will be liable only for the reasonable **DEFENCE COSTS** Such advance shall not be unreasonably delayed.

The advance payments by the **INSURER** shall be repaid to the **INSURER** by the **COMPANY** or the **INSURED**, severally according to their respective interests, in the event and to the extent that the **COMPANY** or the **INSURED** shall not be entitled to payment of the **LOSS** under the terms and conditions of this policy.

In the event and to the extent that the **COMPANY** is permitted or required to indemnify the **INSURED** but for whatever reason fails to do so, the **INSURER** will advance all **DEFENCE COSTS** to the **INSURED** on behalf of the **COMPANY**. In this case, however, the retention amount specified in Item 4 of the Schedule shall be repaid by the **COMPANY** to the **INSURER**, unless the **COMPANY** is insolvent.

## 5.7 HOW DEFENCE WILL BE CONDUCTED

The **INSURED** shall have the right and duty to defend and contest any **CLAIM**. The **INSURER** shall have the right to effectively associate with the **INSURED** and the **COMPANY** in the defence and settlement of any **CLAIM** that appears reasonably likely to involve the **INSURER**, including but not limited to effectively associating in the negotiation of any settlement.

The **INSURED** shall not admit or assume any liability, enter into any settlement agreement, stipulate to any judgment without the prior written consent of the **INSURER**. Only those settlements, and stipulated judgments which have been consented to by the **INSURER** shall be recoverable as **LOSS** under the terms of this policy. The **INSURER's** consent shall not be unreasonably withheld, provided that the **INSURER** shall be entitled to effectively associate in the defence and the negotiation of any settlement of any **CLAIM** in order to reach a decision as to reasonableness.

The **COMPANY** and the **INSURED** shall give the **INSURER** full co-operation and all information as it may reasonably require. In the event that a dispute arises between the **INSURER** and the **INSURED** regarding whether or not to contest any legal proceedings neither the **INSURED** nor the **COMPANY** shall be required to contest any legal proceedings unless a Senior Lawyer being a member of the Israel Bar Association or equivalent (to be mutually agreed by the **POLICYHOLDER** and the **INSURER**) shall advise that the proceedings should be contested. The cost of the Senior Lawyer shall be borne by the **INSURER**.

## 5.8 ALLOCATION

- (i) The **INSURER** has no obligation under this policy for **DEFENCE COSTS** incurred by the **COMPANY**, or any judgements rendered against or settlements by the **COMPANY**, or any obligation to pay **LOSS** arising out of any legal liability that the **COMPANY** has to the third party claimant. Accordingly, with respect to:
  - (a) **DEFENCE COSTS** jointly incurred by;
  - (b) Any joint settlement made by; and/or
  - (c) Any adjudicated judgment of joint and several liability rendered against the **COMPANY** and any **INSURED**,

The **COMPANY** and the **INSURED** and the **INSURER** agree to use their best efforts to determine a fair and proper allocation of the amounts as between the **COMPANY** and the **INSURED** and the **INSURER**, taking into account the relative legal and financial exposures of and the relative benefits obtained by the **INSURED** and the **COMPANY**.

- (ii) In the event that any **CLAIM** involves both covered matters and matters not covered under this policy, a fair and proper allocation of any **DEFENCE COSTS**, judgments and/or settlements shall be made between the **COMPANY**, the **INSURED** and the **INSURER** taking into account the relative legal and financial exposures attributable to covered matters and matters not covered under this policy.
- (iii) In the event that a determination as to the amount of **DEFENCE COSTS** to be advanced to the **INSURED** under this policy cannot be agreed to, then the **INSURER** shall advance **DEFENCE COSTS** which the **INSURER** states to be fair and proper until a different amount shall be agreed upon or determined pursuant to the provisions of this policy and applicable law.

## 5.9 PAYMENT OF PREMIUM AND OTHER SUMS

- (i) **Cash Payment** – If not otherwise agreed between the **INSURER** and the **INSURED**, the premium and other sums due from the **INSURED** to the **INSURER** in respect of this Policy, shall be paid entirely within 28 days from the inception date of the period of insurance, according to the Exchange rate of the US\$ published by the Bank of Israel on the payment day.
- (ii) **Payment In Installments** – If the **INSURER** and the **INSURED** agreed on payment in installments, the premium plus credit fees shall be paid as specified in the Schedule. Credit fees shall be calculated based on the annual interest specified in the Schedule and shall be paid in installments during the period of insurance in monthly, equal and consecutive installments which number shall not exceed the number of insurance months, provided that the last installment shall be paid not later than 21 days before the end of the period of insurance.

- (iii) The premium and credit fees shall be paid in NIS, according to the Exchange rate of the US\$ published by the Bank of Israel on the payment day.
- (iv) If a change shall be made in the number or dates of the installments, the credit fees shall be updated accordingly and a credit/debit shall be made next to the payment of the full amount of premium.
- (v) Where any amount overdue, as aforesaid, was not paid within 15 days after the **INSURER** requested the **INSURED** in writing to pay the same, the **INSURER** may notify the **INSURED** in writing, that the insurance will be canceled in an additional 21 days, unless the overdue amount is paid before then; where a beneficiary, other than the **INSURED**, has been designated and the designation is irrevocable, the **INSURER** shall not cancel the insurance unless he has notified the beneficiary in writing of the delay in payment and the beneficiary has not paid the overdue amount within 15 days from the day on which the notification was delivered to him.
- (vi) If the premium were not paid on their due date, the overdue sum shall bear interest according to the stated in paragraph 4(a) of the "Interest and linkage Ruling law – 1961".
- (vii) The canceling of the Policy, does not waive the **INSURED's** obligation to pay the sum in arrears relating to the period until the cancellation and the **INSURER's** costs of collection of the sum overdue.

#### **5.10 THE RIGHT TO SET-OFF**

- (i) The **INSURER** is entitled to set-off against the insurance benefits due to the **INSURED** pursuant to this policy, any amount due from the **INSURED** to the **INSURER**, whether his debt relates to this policy or to another.
- (ii) In the event of exhaustion of the Limit of Liability under this policy, the **INSURER** is entitled to set off the balance of the premium due to him, under to this policy, even if the payment is not yet due.

## 5.11 CANCELLATION CLAUSE

This policy may be cancelled by the **POLICYHOLDER** at any time only by mailing written prior notice to the **INSURER**. This policy may also be cancelled by or on behalf of the **INSURER** by delivering to the **POLICYHOLDER**, or by mailing to the **POLICYHOLDER**, a written notice stating when, not less than sixty (60) days thereafter, the cancellation shall be effective.

The mailing of such notice as aforesaid shall be sufficient proof of notice. The **POLICY PERIOD** terminates at the date and hour specified in such notice.

If this policy shall be cancelled by the **POLICYHOLDER**, the **INSURER** shall retain the customary short rate proportion of the premium for the period in which cover was effected, and the rest will be returned to the **INSURED**. For the purpose of this policy Short Rate means 10% of the annual premium for each month or part thereof, plus an additional 10% of the annual premium.

If this policy shall be cancelled by the **INSURER**, the **INSURER** shall retain the pro rata proportion of the premium hereon.

Payment or tender or any unearned premium by the **INSURER** shall not be a condition to the effectiveness of cancellation but such payment shall be made as soon as practicable.

Notwithstanding the above, the **INSURER** will not cancel the policy for any reason other than non-payment of premium. However, this clause should not be construed to erode the **INSURER's** rights under Articles 6(c), 7, 17 and 18 of the Insurance Contract Law 5741-1981, including the **INSURER's** right to cancel the policy in the circumstances specified in these provisions. Nothing in the aforementioned will derogate from the **INSURED's** right according to Article 8 and 19 of the Insurance Contract Law 5741-1981.

## 5.12 SUBROGATION

In the event of any payment under this policy, the **INSURER** shall be subrogated to the extent of such payment to all of the **COMPANY's** and the **INSURED's** rights of recovery in respect of the payment, and the **COMPANY** and the **INSURED** shall execute all papers required and shall do everything that may be necessary to secure any rights including the execution of any documents necessary to enable the **INSURER** effectively to bring suit in the name of the **COMPANY** and/or the **INSURED**.

In no event, however, shall the **INSURER** exercise its rights of subrogation against employees of the **COMPANY** or family relatives of the **INSURED**, unless fraudulent or malicious conduct on their part is established.

### 5.13 OTHER INSURANCE

Whenever another policy which covers a **CLAIM** specifically provides that it shall provide primary cover for such **CLAIM**, or whenever there is a specific designated policy which covers a **CLAIM**, then this policy shall apply as excess over any such other valid insurance, provided that this clause shall be for the benefit of the **INSURED**.

### 5.14 NOTICE AND AUTHORITY

It is agreed that the **POLICYHOLDER** shall act on behalf of its **SUBSIDIARIES** and all **INSUREDS** with respect to the giving and receiving of notice under this policy, including the giving of notice of **CLAIM**, the payment of Premiums that may become due under this policy, the receipt and acceptance of any endorsements issued to form a part of this policy and the exercising or declining to exercise any right to a **DISCOVERY PERIOD**.

### 5.15 ASSIGNMENT

This policy and any rights hereunder cannot be assigned without written consent of the **INSURER**.

### 5.16 JURISDICTION AND GOVERNING LAW

Any interpretation of this policy relating to its construction, validity or operation shall be made in the courts of the State of Israel.

The parties agree to submit to the exclusive jurisdiction of the courts of the State of Israel.

### 5.17 PLURALS AND TITLES

The titles of these paragraphs are for convenience only and do not lend any meaning to this contract. In this policy words in all caps have special meaning and are defined.

**5.18** Unless specifically provided otherwise, nothing in the aforementioned will be construed to derogate from the **INSURERS** rights according to the law.