

July 1, 2022

Azrieli Group Ltd.

Declaration by a Candidate for Service as Outside Director of a Public Company
According to the provisions of Sections 240(a)-240(f), 224B and 241 of the
Companies Law, 5759-1999

Whereas Azrieli Group Ltd. (the “**Company**”) is a public company, whose securities are traded on the Tel Aviv Stock Exchange Ltd.; and

Whereas according to the provisions of the Companies Law, 5759-1999 (the “**Law**”), I am required to provide this declaration in order to be appointed as an outside director of the Company and in order for the Company's board to assess my skills and professional understanding to determine whether I have "Accounting and Financial Expertise", as this term is defined in the Companies Regulations (Conditions and Criteria for a Director with Accounting and Financial Expertise and for a Director with Professional Qualifications), 5766-2005 (the "**Directors Regulations**") and/or "Professional Qualifications", as this term is defined in the Directors Regulations¹; and

Whereas I am aware that this declaration shall be available at the Company's registered office for the inspection of any person and be released by the Company in the notice of meeting report, in the agenda of which, my appointment as an outside director will be included, insofar as it is decided to present my appointment as an outside director for approval by the Company's shareholders meeting.

Therefore, I, the undersigned, Orli Garti Seroussi, bearer of I.D. 056381981, after having been cautioned to state the truth, failing which I shall be liable for the penalties prescribed by law, do hereby declare and undertake as follows:

1. The above declarations are an integral part of this declaration.
2. Any and all terms herein shall be construed according to their meaning in the Law.
3. The conditions set forth in Sections 240(a)-240(a1) of the Law apply to me, and the restrictions set forth in Sections 226, 226A, 227 and 240(b)-240(f) of the Law do not apply to me, and none of the details in Section 225 of the Law apply to me.
4. I have the necessary skills and the ability to dedicate the appropriate time for the performance of my duties in the Company, taking into consideration, *inter alia*, the special needs of the Company and its size. Specification of my skills is as provided in Section 9 below.
5. I hereby undertake that if I cease to fulfill any condition required by Sections

¹ All of the sections of the Law and of the Directors Regulations relevant to this declaration, in their language on the date of signing of this declaration, are specified in **Annex A** to this declaration, and constitute an integral part hereof.

224A, 225, 226, 226A, 227, 232, 232A and 240 of the Law for my office as an outside director of the Company or if there is any cause for expiration of my office as an outside director of the Company, as specified in Sections 227A and 228 of the Law, I shall give immediate notice thereof to the Company, as provided in Section 245A of the Law, and my office as an outside director of the Company shall expire on the date of provision of the aforesaid notice.

6. I am ~~qualified/unqualified~~* to be appointed as a director with "accounting and financial expertise", as provided in Section 1 of the Directors Regulations and/or I am ~~qualified/unqualified~~ to be appointed as a director with "professional qualifications", as provided in Section 2 of the Directors Regulations.

* Cross-out as applicable.

7. If I am unqualified to be appointed as a director with "accounting and financial expertise", ~~I have/I do not have~~* the ability to read and understand financial statements.
8. If I am appointed to serve as an outside director of the Company, I hereby undertake to notify the Company, in writing, of any purchase by myself or by anyone on my behalf, of securities of the Company and/or of any change in my holdings of securities of the Company shortly after I become aware of the change and in any event, no later than one trading day after the date of the change.
9. My education, experience and knowledge in the issues specified in Section 3 of the Directors Regulations, are as follows:

9.1 Education: CPA, holder of a B.A. in economics and accounting, a Master's degree in business administration (M.B.A.) and a Master's degree in public administration (M.P.A.).

9.2 Relevant professional experience: CPA at the Corporations Department of the Israel Securities Authority, Manager of the Municipal Corporations Office at the Municipality of Tel Aviv-Jaffa, a director with financial qualifications in public companies and statutory bodies since 2008.

Attached are documents and certificates that support the provisions of this Section 9 above.

10. Below are my details for purposes of reporting in accordance with the Securities Regulations (Periodic and Immediate Reports), 5730-1970:

Name of candidate:	<u>אורלי גרטי סרוסי</u>
Name in English, as appearing in passport:	<u>Orli Garti Seroussi</u>
I.D. :	<u>056381981</u>
Date of birth:	<u>February 16, 1960</u>
Citizenship:	<u>Israeli</u>

Address: 4C Carlebach Street, Tel Aviv

Telephone: 053-2503488

Education:

Degree	Field	Name of academic institution
B.A.	Economics and Accounting	Tel Aviv University
M.B.A.	Organizational Management and Financing	Tel Aviv University
M.P.A.	Strategy and Process Management	Harvard University, U.S.
Position	Place of work	Duration
Professional director	Tel Aviv	10 years
Public representative in the Regional Labor Court in Tel Aviv	Bat Yam	6 years
Appointed board member of the Mei Kfar Saba Cooperative Society	Kfar Saba	2.5 years

Main occupations in the past five years:

Other companies in which you serve as a director

Meuhedet Health Fund, Mishorinm – Real Estate Investments, E.S. Australia (Israel), Avrot, 3DM, UNET Credit Financial Services.

Are you an employee of the Company, a subsidiary of the Company, an affiliate of the Company or of

~~Yes~~/No.

If so, specify:

an interested party of the Company:

Are you a holder of shares and other securities of the Company/subsidiary/its affiliate:

~~Yes~~/No.

If so, specify:

For the sake of prudence, I shall note that I hold mutual funds which may possibly invest in the Company.

Are you a family member of another interested party of the Company:

~~Yes~~/No.

If so, specify:

11. This is my name, this is my signature and the facts specified in this declaration above are the truth.

Orli Garti Seroussi

Name

056381981

I.D.

Signature

Annex A**The language of sections from the Companies Law, 5759-1999, that are relevant to the declaration**

- Qualification for appointment**
(Amendment no. 8)
5768-2008
(Amendment no. 17)
5771-2011
- 224A. No person shall be appointed a director of a public company or of a private company that is a bond company, nor serve as a director of such a company, who does not have the necessary skills and ability to dedicate the appropriate time to perform the duties of a director in the company, taking into account, *inter alia*, the special needs and size of the company.
- Declaration of candidate to serve as a director**
(Amendment no. 8)
5768-2008
(Amendment no. 16)
5771-2011
(Amendment no. 17)
5771-2011
- 224B. (a) No general meeting shall be convened in a public company and in a private company that is a bond company, on the agenda of which is the appointment of a director, and no director shall be appointed until after the candidate has declared that he has the necessary skills and ability to dedicate the appropriate time to perform his duties and has specified the aforesaid skills and that the restrictions set forth in Sections 226 and 227 do not apply to him, and with respect to an Independent Director – the provisions of paragraphs (1) and (2) of the definition of “Independent Director” in section 1 (in this section – Declaration) also apply to him.
- (b) The Declaration shall be presented to the appointer and the provisions of Section 241(b) and (c) shall apply thereto.
- Duty of disclosure**
(Amendment no. 14)
5771-2011
225. (a) A person who is a candidate for the office of director shall disclose to the person appointing him:
- (1) If he has been convicted, in a judgment, of an offense as stated in Section 226(a), and the period in which he is prohibited from serving as a director pursuant to Section 226 has not yet lapsed;
- (2) If he has been convicted, in a judgment, of an offense as stated in Section 226(a1), and the period determined by the court pursuant to such subsection has not yet lapsed;
- (3) If the Administrative Enforcement Committee has imposed on him an enforcement measure prohibiting him from serving as a director of any public company, or any private company which is a bond company, and the period determined by the Administrative Enforcement Committee in its decision as aforesaid has not yet lapsed.
- (b) In this title –
- (Amendment no. 17)
5771-2011

“Enforcement Measure” – an enforcement measure as stated in Section 52DDD of the Securities Law, which was imposed pursuant to Chapter H4 of the Securities Law, pursuant to Chapter G2 of the Regulation of the Practice of Investment Advice and Investment Portfolio Management Law, 5755-1995 or pursuant to Chapter J1 of the Joint Investment Trust Law, 5754-1994, as the case may be;

“Administrative Enforcement Committee” – the committee appointed pursuant to Section 52FF(a) of the Securities Law;

“Judgment” – a judgment in the first instance.

Restriction on appointment due to conviction

(Amendment no. 14)

5771-2011

(Amendment no. 17)

5771-2011

226. (a) A person convicted in a judgment of any of the offenses specified below shall not be appointed to serve as a director of a public company, or a private company which is a bond company, unless five years shall have lapsed since the date of issuance of the judgment in which he was convicted:

(1) Offenses pursuant to Sections 290 to 297, 392, 415, 418 to 420 and 422 to 428 of the Penal Law, 5737-1977, and pursuant to Sections 52C, 52D, 53(a) and 54 of the Securities Law;

(2) A conviction by a court outside of Israel of offenses of bribery, fraud, offenses by managers of a corporation or offenses of abuse of inside information;

(3) (Omitted).

(Amendment no. 14)

5771-2011

(Amendment no. 14)

5771-2011

(Amendment no. 17)

5771-2011

(a1) No person convicted in a judgment of an offense not listed in Subsection (a) shall be appointed to serve as a director of a public company or a private company which is a bond company, if the court determines that due to the nature, severity or circumstances thereof he is not fit to serve as a director of a public company or a private company which is a bond company, for the period determined by the court, which shall not exceed five years from the date of issuance of the judgment.

(Amendment no. 14)

5771-2011

(Amendment no. 17)

5771-2011

(b) A court may determine, at the time of or after the conviction, at the request of a person who wishes to be appointed as a director, that despite his conviction of offenses as stated in Subsection (a), and considering, *inter alia*, the circumstances in which the offense was committed, he is not barred from serving as a director of a public company, or a private company which is a bond company, or that the period in which he is barred from serving as a director of a public company or a private company which is a bond company, will be shorter than

five years.

(Amendment no. 14)
5771-2011

- (c) The Minister may determine additional offenses to those set forth in Subsection (a)(1).
- (d) A court, and if an appeal is filed – an appellate court may order a stay of execution of the appointment restrictions or termination of office according to this section until such time as it shall determine and under such conditions as it shall deem fit.

Restriction on appointment due to a decision of the Administrative Enforcement Committee

(Amendment no. 14)
5771-2011
(Amendment no. 17)
5771-2011

- 226A. If the Administrative Enforcement Committee imposes an enforcement measure on a person prohibiting him from serving as a director of a public company or a private company which is a bond company, such person shall not be appointed as a director of a company in which he is prohibited from serving as a director pursuant to such decision.

Restriction on appointment

(Amendment no. 3)
5765-2005
(Amendment no. 32)
5778-2018

227. (a) No person shall be appointed as a director who is a minor, legally incompetent, a person who was declared bankrupt, so long as he shall not have been discharged, nor any corporation having adopted a voluntary dissolution resolution or in respect of which a dissolution order has been issued.
- (b) A candidate for the office of director who fulfills the provisions of Subsection (a) shall disclose the same to the person appointing him.

Duty of notice
(Amendment no. 8)
5768-2008

- 227A. A director who ceases to meet a condition required pursuant to this Law for his office as a director, or in respect of whom there are grounds to terminate his office as a director, shall immediately notify the company thereof, and his term of office shall terminate on the date of provision of the notice.

Expiration of office

(Amendment no. 8)
5768-2008

(Amendment no. 14)
5771-2011

228. (a) Without derogating from the provisions of any law, the office of a director shall expire before the end of the period for which he was appointed, in any of the following cases:
- (1) He resigns or is dismissed as provided in Sections 229 through 231;
 - (2) On the date of provision of a notice of conviction as provided in Section 232;
 - (2A) On the date of provision of a notice on imposition of an Enforcement Measure as provided in Section

- 232A;
- (3) According to a court ruling as provided in Section 233;
- (4) He has been declared bankrupt, or if a corporation – it has been resolved to liquidate it voluntarily or a dissolution order has been given in respect thereof;
- (5) On the date of provision of a notice under Section 227A or 245A.
- (b) In its articles of association, a company may not modify the provisions of this section but it may add additional causes for expiration of the office of a director.
- Expiration of term of office due to an offense**
(Amendment no. 32)
5778-2018
232. If a director is convicted by a judgment of an offense as stated in Section 226(a)(1) or (a1), he shall notify the company and his term of office shall expire on the date of provision of the notice, and in a public company and a private company that is a bond company, he may not be reappointed as a director, unless the period during which he is prohibited from serving as a director under Section 226, has passed.
- (Amendment no. 14)
5771-2011
(Amendment no. 17)
5771-2011
- Expiration of term of office due to a decision of the Administrative Enforcement Committee**
(Amendment no. 14)
5771-2011
(Amendment no. 17)
5771-2011
- 232A. If the Administrative Enforcement Committee has decided to impose an enforcement measure on a person prohibiting him from serving as a director in any public company, in any private company that is a bond company or in a company in which he serves, he shall notify the company and his term of office shall expire on the date of provision of the notice, and in a company with respect to which the aforesaid prohibition applies, he may not be reappointed as a director unless the period of the said probation, has passed.
- Qualifications for appointment**
(Amendment no. 3)
5765-2005
(Amendment no. 17)
5771-2011
(Amendment no. 27)
5776-2016
240. (a) An individual resident of Israel qualified to be appointed as a director, will be appointed as an outside director; however, a public company or a private company that is a bond company, whose shares or bonds, as applicable, or part thereof, have been offered to the public outside of Israel or are listed on a stock exchange outside of Israel, may appoint outside directors who are not residents of Israel; The Minister may determine additional types of companies in which it will be possible to appoint outside directors who are not residents of Israel.
- (Amendment no. 3)
5765-2005
- (a1) (1) A person who has professional qualification or who has accounting and financial expertise, shall be appointed as an outside director, provided that at least one of the outside directors has accounting and financial expertise.

(2) The Minister, in consultation with the Israel Securities Authority, shall determine conditions and tests for a director with accounting and financial expertise and for a director with professional qualification.

(Amendment no. 8)
5768-2008
(Amendment no. 16)
5771-2011

(b) No individual shall be appointed as an outside director, who is a relative of the controlling shareholder, as well as anyone who himself, or his relative, partner, employer, the person to whom he directly or indirectly reports or a corporation which he controls, on the date of appointment or in the two years prior to the date of appointment, has an Affinity to the company, the controlling shareholder of the company or a relative of the controlling shareholder, at the time of appointment, or to Another Corporation, and in a company that has no controlling shareholder or holder of a controlling block – also an Affinity to whomever is, at the time of the appointment, the chairman of the board, the CEO, a substantial shareholder or the most senior financial officer ; For purposes of this subsection –

“Affinity” – The existence of work relations, existence of regular business or professional relations or control, as well as serving as an officer, other than the office of a director who was appointed to serve as an outside director of a company that is about to make an initial public offering of its shares; The Minister, in consultation with the Israel Securities Authority, may determine that specific matters, under conditions he has determined, shall not constitute an affinity;

“Another Corporation” – A corporation in which the controlling shareholder, on the date of the appointment or in the two years preceding the date of the appointment, is the company or its controlling shareholder.

(c) No individual shall be appointed as an outside director if his other positions or occupations create or may create a conflict of interest with his position as director, or if they may impair his ability to serve as a director.

(d) No director of a certain company shall be appointed as an outside director of another company if at the same time, a director of the other company serves as an outside director of the first company.

(Amendment no. 3)
5765-2005
(Amendment no. 17)
5771-2011

(e) No individual shall be appointed as an outside director of a public company or of a private company which is

a bond company, if he is an employee of the Israel Securities Authority or a stock exchange employee in Israel.

(Amendment no. 16)
5771-2011

- (f) Without derogating from the provisions of Subsection (b), no individual shall serve as an outside director who himself, or his relative, partner, employer, the person to whom he directly or indirectly reports or a corporation which he controls, has business or professional relations with whom an Affinity is prohibited according to the provisions of subsection (b), even if such relations are not regular, other than negligible relations, as well as an individual who received a consideration contrary to the provisions of Section 244(b); If relations have taken place or consideration was received as aforesaid, at the time of the outside director's office, it shall be deemed, for purposes of Sections 245A, 246 and 247, as a breach of one of the conditions required for his appointment or office as an outside director.

Declaration

241. (a) No General Meeting shall be called whose agenda includes the appointment of an Outside Director, unless the candidate declared that he meets the conditions required for his appointment as Outside Director (the "Declaration").
- (b) The Declaration shall be kept at the registered office of the Company and shall be open for the inspection of any person.
- (c) The Minister may determine provisions in reference to the Declaration.

**Duty of
notification**
(Amendment no. 8)
5768-2011

- 245A. An Outside Director who ceased to meet the conditions required hereunder for his office as Outside Director shall immediately notify the Company of the same, and his office shall expire on the date the notice was given.

The language of sections from the Companies Regulations (Conditions and Criteria for a Director with Accounting and Financial Expertise and for a Director with Professional Qualifications), 5766-2005, that are relevant to the declaration

Director with accounting and financial expertise

- 1 A director with accounting and financial expertise is anyone who, due to his education, experience and qualifications, has high proficiency in and understanding of business-accounting matters and financial statements, in a manner that allows him to thoroughly understand the company's financial statements and to initiate a discussion regarding the manner in which the financial data are presented; the accounting and financial proficiency of a director will be assessed by the board of directors, taking into consideration, *inter alia*, his education, experience and knowledge in the following matters:

- (1) Accounting issues and auditing issues specific to the sector in which the company operates, and to companies of the size and complexity of the company;
- (2) The duties of the auditor and the responsibilities imposed on him;
- (3) The preparation of financial statements and their approval according to the Law and the Securities Law.

Director with professional qualifications

- 2 (a) A director with professional qualifications is anyone who has one of the following conditions:
- (1) Holds an academic degree in one of the following subjects: economics, business administration, accounting, law, public administration;
 - (2) Holds another academic degree or has completed other higher education studies, all in the company's core business, or in a field relevant to the position;
 - (3) Has at least five years' experience in one of the following, or cumulative experience of at least five years in two or more of the following:
 - (a) A senior position in the business management of a corporation having a significant volume of business;
 - (b) A senior public office or a senior civil service position;
 - (c) A senior position in the company's main fields of business.
- (b) Assessment of the professional qualifications of a candidate for serving as a director as aforesaid in subsection (a), shall be performed by the board of directors.

Declaration

3

- (a) In a declaration under Section 241 of the Law, the candidate shall also declare his education and experience, insofar as they are relevant, in order to examine whether the conditions and criteria under these regulations are met and shall attach documents and certificates supporting his declaration.
- (b) A director for whom the board of directors is required to assess his accounting and financial expertise in order to meet the minimum number determined under Section 92(a)(12) of the Law, shall declare as specified in sub-regulation (a).

June 28, 2022

Azrieli Group Ltd.

Declaration by a Candidate for Service as Independent Director of a Public Company According to the provisions of Sections 240(b)-240(f) and 224B of the Companies Law, 5759-1999

Whereas Azrieli Group Ltd. (the “**Company**”) is a public company, whose securities are traded on the Tel Aviv Stock Exchange Ltd.; and

Whereas according to the provisions of the Companies Law, 5759-1999 (the “**Law**”), I am required to provide this declaration in order to be appointed as an independent director of the Company and in order for the Company's audit committee to assess my qualifications to be appointed as an "Independent Director" of the Company, as this term is defined in the Law, and in order for the Company's board to assess my professional skills and understanding so as to determine whether I have "Accounting and Financial Expertise", as this term is defined in the Companies Regulations (Conditions and Criteria for a Director with Accounting and Financial Expertise and for a Director with Professional Qualifications), 5766-2005 (the “**Directors Regulations**”)¹; and

Whereas I am aware that this declaration shall be available at the Company’s registered office for the inspection of any person and be released by the Company in the notice of meeting report, in the agenda of which, my appointment as an outside director will be included, insofar as my reappointment as an independent director is on the agenda.

Therefore, I, the undersigned, **Varda Levy**, bearer of I.D. **057089369**, having been cautioned to state the truth, failing which I shall be liable for the penalties prescribed by law, do hereby declare and undertake as follows:

1. The above declarations are an integral part of this declaration.
2. Any and all terms herein shall be construed according to their meaning in the Law.
3. The conditions set forth in Sections 226, 226A and 227 of the Law do not apply to me, and none of the details in Section 225 of the Law apply to me.
4. I am qualified to be classified as an independent director of a public company according to the provisions of Sections 1, 240(b)-240(f) and 249B of the Law and I have not served as a director of the Company for over nine consecutive years (for this purpose, termination of office that does not exceed two years, does not stop the continuity of office).
5. I have the necessary skills and the ability to dedicate the appropriate time for the performance of my duties in the Company, taking into consideration, *inter*

¹ All of the sections of the Law and of the Directors Regulations relevant to this declaration, in their language on the date of signing of this declaration, are specified in **Annex A** to this declaration, and constitute an integral part hereof.

alia, the special needs of the Company and its size. Specification of my skills is as provided in Section 10 below.

6. I hereby undertake that if I cease to fulfill any condition required by Sections 224A, 225, 226, 226A, 227, 232, 232A, 1 and 240(b)-240(f) of the Law for my office as an independent director of the Company or if there is any cause for expiration of my office as an independent director of the Company, as specified in Sections 227A and 228 of the Law, I shall give immediate notice thereof to the Company, as provided in Section 245A of the Law, and my office as an independent director of the Company shall expire on the date of provision of the aforesaid notice.
7. I am qualified to be appointed as a director with “accounting and financial expertise”, as provided in Section 1 of the Directors Regulations.
8. If I am appointed to serve as an independent director of the Company, I hereby undertake to notify the Company, in writing, of any purchase by myself or by anyone on my behalf, of securities of the Company and/or of any change in my holdings of securities of the Company shortly after I become aware of the change and in any event, no later than one trading day after the date of the change.
9. My education, experience and knowledge in the issues specified in Section 3 of the Directors Regulations, are as follows:
 - 9.1 Education: **CPA, Bachelor’s degree in accounting and economics.**
 - 9.2 Relevant professional experience:

I have served as a director with accounting and financial expertise in several public companies. I served for 14 years as CFO of Alony Hetz Properties and Investments Ltd.

Attached are documents and certificates that support the provisions of this Section 9 above.
10. Below are my details for purposes of reporting in accordance with the Securities Regulations (Periodic and Immediate Reports), 5730-1970:

Name of candidate:	ורדה לוי						
Name in English, as appearing in passport:	Varda Levy						
I.D.:	057089369						
Date of birth:	May 26, 1961						
Citizenship:	Israeli						
Address:	12 Arlosoroff Street, Ra’anana						
Telephone:	0525323277						
Education:	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%; text-align: center;">Degree</th> <th style="width: 33%; text-align: center;">Field</th> <th style="width: 33%; text-align: center;">Name of academic</th> </tr> </thead> <tbody> <tr> <td style="height: 20px;"> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Degree	Field	Name of academic			
Degree	Field	Name of academic					

Main occupations in the past five years:

		institution
B.A.	Accounting and economics	Tel Aviv University
Position	Place of work	Duration
Director (outside director) of Mendelson Infrastructures & Industries Ltd. Term of office – 9 years, until February 2021.		
Director (outside director) of Related Commercial Portfolio Ltd. Office held until July 2021, when the company became a private company.		
Independent consultant.		

Other companies in which I serve as directorNone.

Are you an employee of the Company, a subsidiary of the Company, an affiliate of the Company or of an interested party of the Company:No.

Are you a holder of shares and other securities of the Company/subsidiary/its affiliate:No.

Are you a family member of another interested party of the Company:No.

11. This is my name, this is my signature and the facts specified in this declaration above are the truth.

Varda Levy

Name

057089369

I.D.

Signature

Annex A

The language of sections from the Companies Law, 5759-1999, that are relevant to the declaration

Definitions

1. “Independent Director” – Outside director or an individual serving as a director, with respect of whom, the conditions set forth below are met, who has been appointed or classified as such in accordance with the provisions of Chapter One of Part Six:
 - (1) He meets the qualification conditions for the appointment of an outside director set forth in Section 240(b) through (f) and the Audit Committee has so confirmed;
 - (2) He does not serve as a director of the company for more than nine consecutive years, and for this purpose a cessation of office which does not exceed two years shall not be deemed as interrupting the continuity of the term of office.

Qualification for appointment

(Amendment no. 8)
5768-2008
(Amendment no. 17)
5771-2011

- 224A. No person shall be appointed a director of a public company or of a private company that is a bond company, nor serve as a director of such a company, who does not have the necessary skills and ability to dedicate the appropriate time to perform the duties of a director in the company, taking into account, *inter alia*, the special needs and size of the company.

Declaration of candidate to serve as a director

(Amendment no. 8)
5768-2008
(Amendment no. 16)
5771-2011
(Amendment no. 17)
5771-2011

- 224B. (a) No general meeting shall be convened in a public company and in a private company that is a bond company, on the agenda of which is the appointment of a director, and no director shall be appointed until after the candidate has declared that he has the necessary skills and ability to dedicate the appropriate time to perform his duties and has specified the aforesaid skills and that the restrictions set forth in Sections 226 and 227 do not apply to him, and with respect to an Independent Director – the provisions of paragraphs (1) and (2) of the definition of “Independent Director” in section 1 (in this section – Declaration) also apply to him.
 - (b) The Declaration shall be presented to the appointer and the provisions of Section 241(b) and (c) shall apply thereto.

Duty of disclosure

(Amendment no. 14)
5771-2011

225. (a) A person who is a candidate for the office of director shall disclose to the person appointing him:
 - (1) If he has been convicted, in a judgment, of an offense as stated in Section 226(a), and the period in which he is prohibited from serving as a director

pursuant to Section 226 has not yet lapsed;

(2) If he has been convicted, in a judgment, of an offense as stated in Section 226(a1), and the period determined by the court pursuant to such subsection has not yet lapsed;

(Amendment no. 17)
5771-2011

(3) If the Administrative Enforcement Committee has imposed on him an enforcement measure prohibiting him from serving as a director of any public company, or any private company which is a bond company, and the period determined by the Administrative Enforcement Committee in its decision as aforesaid has not yet lapsed.

(Amendment no. 17)
5771-2011

(b) In this title –

“Enforcement Measure” – an enforcement measure as stated in Section 52DDD of the Securities Law, which was imposed pursuant to Chapter H4 of the Securities Law, pursuant to Chapter G2 of the Regulation of the Practice of Investment Advice and Investment Portfolio Management Law, 5755-1995 or pursuant to Chapter J1 of the Joint Investment Trust Law, 5754-1994, as the case may be;

“Administrative Enforcement Committee” – the committee appointed pursuant to Section 52FF(a) of the Securities Law;

“Judgment” – a judgment in the first instance.

**Restriction on
appointment due
to conviction**

(Amendment no. 14)
5771-2011
(Amendment no. 17)
5771-2011

226. (a) A person convicted in a judgment of any of the offenses specified below shall not be appointed to serve as a director of a public company, or a private company which is a bond company, unless five years shall have lapsed since the date of issuance of the judgment in which he was convicted:

(1) Offenses pursuant to Sections 290 to 297, 392, 415, 418 to 420 and 422 to 428 of the Penal Law, 5737-1977, and pursuant to Sections 52C, 52D, 53(a) and 54 of the Securities Law;

(2) A conviction by a court outside of Israel of offenses of bribery, fraud, offenses by managers of a corporation or offenses of abuse of inside information;

(Amendment no. 14)
5771-2011

(3) (Omitted).

(Amendment no. 14)
5771-2011
(Amendment no. 17)
5771-2011

(a1) No person convicted in a judgment of an offense not listed in Subsection (a) shall be appointed to serve as a director of a public company or a private company which is a bond company, if the court determines that due to the nature, severity or circumstances thereof he is not fit to serve as a

director of a public company or a private company which is a bond company, for the period determined by the court, which shall not exceed five years from the date of issuance of the judgment.

(Amendment no. 14)
5771-2011
(Amendment no. 17)
5771-2011

(b) A court may determine, at the time of or after the conviction, at the request of a person who wishes to be appointed as a director, that despite his conviction of offenses as stated in Subsection (a), and considering, *inter alia*, the circumstances in which the offense was committed, he is not barred from serving as a director of a public company, or a private company which is a bond company, or that the period in which he is barred from serving as a director of a public company or a private company which is a bond company, will be shorter than five years.

(c) The Minister may determine additional offenses to those set forth in Subsection (a)(1).

(Amendment no. 14)
5771-2011

(d) A court, and if an appeal is filed – an appellate court may order a stay of execution of the appointment restrictions or termination of office according to this section until such time as it shall determine and under such conditions as it shall deem fit.

Restriction on appointment due to a decision of the Administrative Enforcement Committee

(Amendment no. 14)
5771-2011
(Amendment no. 17)
5771-2011

226A. If the Administrative Enforcement Committee imposes an enforcement measure on a person prohibiting him from serving as a director of a public company or a private company which is a bond company, such person shall not be appointed as a director of a company in which he is prohibited from serving as a director pursuant to such decision.

Restriction on appointment

(Amendment no. 3)
5765-2005
(Amendment no. 32)
5778-2018

227. (a) No person shall be appointed as a director who is a minor, legally incompetent, a person who was declared bankrupt, so long as he shall not have been discharged, nor any corporation having adopted a voluntary dissolution resolution or in respect of which a dissolution order has been issued.

(b) A candidate for the office of director who fulfills the provisions of Subsection (a) shall disclose the same to the person appointing him.

Duty of notice
(Amendment no. 8)
5768-2008

227A. A director who ceases to meet a condition required pursuant to this Law for his office as a director, or in respect of whom there are grounds to terminate his office as a director, shall

immediately notify the company thereof, and his term of office shall terminate on the date of provision of the notice.

Expiration of office

(Amendment no. 8)
5768-2008

(Amendment no. 14)
5771-2011

(Amendment no. 32)
5778-2018

(Amendment no. 8)
5768-2008

228. (a) Without derogating from the provisions of any law, the office of a director shall expire before the end of the period for which he was appointed, in any of the following cases:
- (1) He resigns or is dismissed as provided in Sections 229 through 231;
 - (2) On the date of provision of a notice of conviction as provided in Section 232;
 - (2A) On the date of provision of a notice on imposition of an Enforcement Measure as provided in Section 232A;
 - (3) According to a court ruling as provided in Section 233;
 - (4) He has been declared bankrupt, or if a corporation – it has been resolved to liquidate it voluntarily or a dissolution order has been given in respect thereof;
 - (5) On the date of provision of a notice under Section 227A or 245A.
- (b) In its articles of association, a company may not modify the provisions of this section but it may add additional causes for expiration of the office of a director.

Expiration of term of office due to an offense

(Amendment no. 14)
5771-2011

(Amendment no. 17)
5771-2011

232. If a director is convicted by a judgment of an offense as stated in Section 226(a)(1) or (a1), he shall notify the company and his term of office shall expire on the date of provision of the notice, and in a public company and a private company that is a bond company, he may not be reappointed as a director, unless the period during which he is prohibited from serving as a director under Section 226, has passed.

Expiration of term of office due to a decision of the Administrative Enforcement Committee

(Amendment no. 14)
5771-2011

(Amendment no. 17)
5771-2011

- 232A. If the Administrative Enforcement Committee has decided to impose an enforcement measure on a person prohibiting him from serving as a director in any public company, in any private company that is a bond company or in a company in which he serves, he shall notify the company and his term of office shall expire on the date of provision of the notice, and in a company with respect to which the aforesaid prohibition applies, he may not be reappointed as a director unless the period of the said probation, has passed.

Qualifications for appointment

(Amendment no. 3)

240. (a) An individual resident of Israel qualified to be appointed as a director, will be appointed as an outside director;

5765-2005
 (Amendment no. 17)
 5771-2011
 (Amendment no. 27)
 5776-2016

however, a public company or a private company that is a bond company, whose shares or bonds, as applicable, or part thereof, have been offered to the public outside of Israel or are listed on a stock exchange outside of Israel, may appoint outside directors who are not residents of Israel; The Minister may determine additional types of companies in which it will be possible to appoint outside directors who are not residents of Israel.

(Amendment no. 3)
 5765-2005

(a1) (1) A person who has professional qualification or who has accounting and financial expertise, shall be appointed as an outside director, provided that at least one of the outside directors has accounting and financial expertise.

(2) The Minister, in consultation with the Israel Securities Authority, shall determine conditions and tests for a director with accounting and financial expertise and for a director with professional qualification.

(Amendment no. 8)
 5768-2008
 (Amendment no. 16)
 5771-2011

(b) No individual shall be appointed as an outside director, who is a relative of the controlling shareholder, as well as anyone who himself, or his relative, partner, employer, the person to whom he directly or indirectly reports or a corporation which he controls, on the date of appointment or in the two years prior to the date of appointment, has an Affinity to the company, the controlling shareholder of the company or a relative of the controlling shareholder, at the time of appointment, or to Another Corporation, and in a company that has no controlling shareholder or holder of a controlling block – also an Affinity to whomever is, at the time of the appointment, the chairman of the board, the CEO, a substantial shareholder or the most senior financial officer ; For purposes of this subsection –

“Affinity” – The existence of work relations, existence of regular business or professional relations or control, as well as serving as an officer, other than the office of a director who was appointed to serve as an outside director of a company that is about to make an initial public offering of its shares; The Minister, in consultation with the Israel Securities Authority, may determine that specific matters, under conditions he has determined, shall not constitute an affinity;

“Another Corporation” – A corporation in which the controlling shareholder, on the date of the appointment or in the two years preceding the date of the appointment, is the company or its controlling shareholder.

(Amendment no. 3)
 5765-2005

(c) No individual shall be appointed as an outside director if his other positions or occupations create or may create a conflict of interest with his position as director, or if they may impair his ability to serve as a director.

(d) No director of a certain company shall be appointed as an outside director of another company if at the same time, a director of the other company serves as an outside director of the first company.

(Amendment no. 3)

5765-2005

(Amendment no. 17)

5771-2011

(e) No individual shall be appointed as an outside director of a public company or of a private company which is a bond company, if he is an employee of the Israel Securities Authority or a stock exchange employee in Israel.

(Amendment no. 16)

5771-2011

(f) Without derogating from the provisions of Subsection (b), no individual shall serve as an outside director who himself, or his relative, partner, employer, the person to whom he directly or indirectly reports or a corporation which he controls, has business or professional relations with whom an Affinity is prohibited according to the provisions of subsection (b), even if such relations are not regular, other than negligible relations, as well as an individual who received a consideration contrary to the provisions of Section 244(b); If relations have taken place or consideration was received as aforesaid, at the time of the outside director's office, it shall be deemed, for purposes of Sections 245A, 246 and 247, as a breach of one of the conditions required for his appointment or office as an outside director.

Declaration

241. (a) No General Meeting shall be called whose agenda includes the appointment of an Outside Director, unless the candidate declared that he meets the conditions required for his appointment as Outside Director (the "Declaration").
- (b) The Declaration shall be kept at the registered office of the Company and shall be open for the inspection of any person.
- (c) The Minister may determine provisions in reference to the Declaration.

Duty of notification

(Amendment no. 8)

5768-2011

- 245A. An Outside Director who ceased to meet the conditions required hereunder for his office as Outside Director shall immediately notify the Company of the same, and his office shall expire on the date the notice was given.

The language of sections from the Companies Regulations (Conditions and Criteria for a Director with Accounting and Financial Expertise and for a Director with Professional Qualifications), 5766-2005, that are relevant to the declaration

Director with accounting and financial expertise

- 1 A director with accounting and financial expertise is anyone who, due to his education, experience and qualifications, has high proficiency in and understanding of business-accounting matters and financial statements, in a manner that allows him to thoroughly understand the company's financial statements and to initiate a discussion regarding the manner in which the financial data are presented; the accounting and financial proficiency of a director will be assessed by the board of directors, taking into consideration, *inter alia*, his education, experience and knowledge in the following matters:

- (1) Accounting issues and auditing issues specific to the sector in which the company operates, and to companies of the size and complexity of the company;
- (2) The duties of the auditor and the responsibilities imposed on him;
- (3) The preparation of financial statements and their approval according to the Law and the Securities Law.

Director with professional qualifications

- 2 (a) A director with professional qualifications is anyone who has one of the following conditions:
- (1) Holds an academic degree in one of the following subjects: economics, business administration, accounting, law, public administration;
 - (2) Holds another academic degree or has completed other higher education studies, all in the company's core business, or in a field relevant to the position;
 - (3) Has at least five years' experience in one of the following, or cumulative experience of at least five years in two or more of the following:
 - (a) A senior position in the business management of a corporation having a significant volume of business;
 - (b) A senior public office or a senior civil service position;
 - (c) A senior position in the company's main fields of business.
- (b) Assessment of the professional qualifications of a candidate for serving as a director as aforesaid in subsection (a), shall be performed by the board of directors.

Declaration

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- (a) In a declaration under Section 241 of the Law, the candidate shall also declare his education and experience, insofar as they are relevant, in order to examine whether the conditions and criteria under these regulations are met and shall attach documents and certificates supporting his declaration.
- (b) A director for whom the board of directors is required to assess his accounting and financial expertise in order to meet the minimum number determined under Section 92(a)(12) of the Law, shall declare as specified in sub-regulation (a).