

## **Chapter Seven – Insurance, Indemnification and Release of Officers**

### **1. Insurance of Officers**

- 1.1. The Company may insure the liability of an officer in the Company, to the fullest extent permitted by Law.
- 1.2. Without derogating from the aforesaid, the Company may enter into an insurance contract and/or arrange and pay all premiums in respect of an insurance contract, for the insurance of the liability of an officer in the Company, resulting directly or indirectly from an action or inaction by him (or together with other officers of the Company) in his capacity as an officer in the Company, for any of the following:
  - 1.2.1. The breach of the duty of care toward the Company or toward any other person;
  - 1.2.2. The breach of the duty of loyalty toward the Company provided the officer has acted in good faith and had reasonable grounds to assume that the action would not harm the Company; and
  - 1.2.3. A financial liability imposed on him in favor of another person.
  - 1.2.4. Any other matter in respect of which it is permitted or will be permitted under Law to insure the liability of an officer in the Company.

### **2. Indemnification of Officers**

- 2.1. The Company may indemnify an officer in the Company to the fullest extent permitted by Law. Without derogating from the aforesaid, the Company may indemnify an officer in the Company as specified in Articles 34.2 through 34.4 below.
- 2.2. Indemnification in Advance

The Company may indemnify an officer in the Company for liability or expense he incurs or that is imposed on him in consequence with an action or inaction by him (or together with other officers of the Company) in his capacity as an officer in the Company, as follows:

- 2.2.1. Any financial liability he incurs or is imposed on him in favor of another person in accordance with a judgment, including a

judgment given in a settlement or a judgment of an arbitrator, approved by the Court.

- 2.2.2. Reasonable litigation expenses, including legal fees, incurred by the officer or which he was ordered to pay by the Court, in the context of proceedings filed against him by the Company or on its behalf or by a third party, or in a criminal proceeding in which he was acquitted, or in a criminal proceeding in which he was convicted of an offense which does not require criminal intent.
- 2.2.3. Reasonable litigation expenses, including legal fees, incurred by the officer due to such investigation or proceeding conducted against him by an authority authorized to conduct an investigation or proceeding, and which was ended without filing an indictment against him and without the imposition of a financial liability as a substitute for a criminal proceeding, or that was ended without filing an indictment against him but for which he was subject to a financial liability as a substitute for a criminal proceeding relating to an offense which does not require criminal intent, within the meaning of the relevant terms in the Law.
- 2.2.4. Any other liability or expense in respect of which it is permitted or will be permitted under Law to indemnify an officer in the Company.

### 2.3. Indemnification in Advance

The Company may undertake in advance to indemnify an officer of the Company in respect of the following matters:.

- 2.3.1. Matters as detailed in Article 34.2.1 provided however, that the undertaking to indemnify is restricted to events which in the opinion of the Board of Directors are anticipated in light of the Company's activities at the time of granting the obligation to indemnify, and is limited to a sum or measurement determined by the Board of Directors to be reasonable in the circumstances. The undertaking to indemnify shall specify the events that, in the opinion of the Board of Directors are expected in light of the Company's actual activity at the time of grant of the indemnification and the sum or measurement which the Board of Directors determined to be reasonable in the circumstances.
- 2.3.2. Matters as detailed in Article 34.2.2 and 34.2.3.

2.3.3. Any other matter permitted by Law.

2.4. Indemnification after the Fact

The Company may indemnify an officer in the Company for all kinds of events, retrospectively, subject to any applicable Law

3. **Release of Officers**

3.1. The Company shall not release an officer from his liability for a breach of the duty of care toward the Company, other than in accordance with the provisions of this Article.

3.2. The Company may release an officer in the Company, in advance, from his liability, entirely or partially, for damage in consequence of the breach of the duty of care toward the Company.

3.3. Notwithstanding the foregoing, the Company may not release an officer from his liability, resulting from any of the following events:

3.3.1. The breach of the duty of loyalty toward the Company.

3.3.2. The breach of the duty of care made intentionally or recklessly (“pezizut”);

3.3.3. An intentional act intended to unlawfully yield a personal profit;

3.3.4. A criminal fine or a penalty imposed on him.

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