



**UNITRONICS (1989) (R"G) LTD.**

**PRESS RELEASE**

**Airport City, Israel**

**September 14, 2016**

**\*\*\*Regulated Information\*\*\***

**\*\*\*For Immediate Release\*\*\***

**Re: Immediate Report on Convening of an Annual and Extraordinary General Meeting**

**Airport City, Israel – September 14, 2016** – Unitronics published the attached Report, pursuant to the requirements of Israeli law, in concerning with the Convening of an Annual and Extraordinary General Meeting.

**About Unitronics**

Unitronics (1989) (R"G) Ltd. is an Israeli company that engages, through its Products Department, in the design, development, production, marketing and sale of industrial automation products, mainly Programmable Logic Controllers ("PLCs"). PLCs are computer-based electronic products (hardware and software), used in the command and control of machines performing automatic tasks, such as production systems and automatic systems for industrial storage, retrieval and logistics. The Company also engages, through its Systems Department and/or its subsidiaries, in the design, construction and maintenance services in the framework of projects for automation, computerization and integration of computerized production and/or logistics systems, mainly automated warehouses, automated distribution centers and automated parking facilities. The Company's PLCs are distributed by over one hundred and forty distributors (and a wholly owned US subsidiary) in approximately fifty countries throughout Europe, Asia, America and Africa. The services of the Systems Department are provided to customers in Israel and also outside Israel.

This press release contains certain forward-looking statements and information relating to the Company that are based on the beliefs of the Management of the Company as well as assumptions made by and information currently available to the Management of the Company. Such statements reflect the current views of the Company with respect to future events, the outcome of which is subject to certain risks and other factors which may be outside of the Company's control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results or outcomes may vary materially from those described herein as projected, anticipated, believed, estimated, expected or intended.

**UNITRONICS (1989) (R"G) LTD.**  
**(the "Company")**

**Re: Immediate Report on a Meeting**

Under regulation 36B(a) and (d), and Regulation 36C of the Securities Regulations (Immediate and Periodic Reports) 5730 – 1970

The corporation announces the: convening of a meeting

1. Type of security: share  
Name of the entitling security: Unitronics  
Stock exchange number of the security entitling the holder thereof to participate in the meeting: 1083831  
Record date for entitlement to participate in and vote at the meeting: September 22, 2016.
2. On date: August 30, 2016  
it was resolved to call a meeting: Annual and Extraordinary Meeting  
which is to convene on Thursday, on date: October 20, 2016 at time: 10:30 AM  
(Belgium time)

at the address: Zaventem Sheraton Hotel, Brussels, Belgium

3. On the agenda:  
Topics/resolutions to be raised at the meeting:

1

The topic/resolution and details thereof:

Presentation of the Company's audited financial statements, the Board of Directors' report on the state of affairs of the corporation, including the fee of the Company's independent auditors for audit actions and their fee for other actions, and the periodic annual report (in the Barnea format) for the year ended December 31, 2015.

A transaction between the Company and a controlling shareholder of the Company as stated in Sections 275 and 320(f) of the Companies Law: No

Is the issue requires disclosure of interest or other characteristic of the voting shareholder: No

The resolution on the agenda is brought: for reporting only

The majority required to approve the resolution is not a simple majority: for reporting only

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2

The topic/resolution and details thereof:

Appointment of Amit, Halfon CPA as the Company's independent auditors jointly with BDO Ziv Haft, CPA for the year 2016 and up to the date of publication of the financial statements for the third quarter of 2017 and authorization of the Board of Directors to

set their fee, and approval of the continued service thereafter of BDO Ziv Haft, CPA as the Company's sole independent auditors up to the next Annual General Meeting of the Company's shareholders and authorization of the Board of Directors to set their fee.

A transaction between the Company and a controlling shareholder of the Company as stated in Sections 275 and 320(f) of the Companies Law: No

Is the issue requires disclosure of interest or other characteristic of the voting shareholder: No

The resolution on the agenda is brought: for a vote

The majority required to approve the resolution is: a simple majority

Is the holdings of the controlling shareholder of the Company will give to the controlling shareholder the majority required for the resolution on the subject: Yes

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3

The topic/resolution and details thereof:

Reappointment of Mr. Zvi Livne for an additional term of office as a Director of the Company.

Appointment or dismissal of a Director as stated in Sections 59 and 230 of the Companies Law.

A transaction between the Company and a controlling shareholder of the Company as stated in Sections 275 and 320(f) of the Companies Law: No

The resolution on the agenda is brought: for a vote

The majority required to approve the resolution is: a simple majority

Is the holdings of the controlling shareholder of the Company will give to the controlling shareholder the majority required for the resolution on the subject: Yes

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4

The topic/resolution and details thereof:

Reappointment of Mr. Gillon Beck for an additional term of office as a Director of the Company.

Appointment or dismissal of a Director as stated in Sections 59 and 230 of the Companies Law.

A transaction between the Company and a controlling shareholder of the Company as stated in Sections 275 and 320(f) of the Companies Law: No

The resolution on the agenda is brought: for a vote

The majority required to approve the resolution is: a simple majority

Is the holdings of the controlling shareholder of the Company will give to the controlling shareholder the majority required for the resolution on the subject: Yes

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5

The topic/resolution and details thereof:

Reappointment of Mr. Yariv Avisar for an additional term of office as a Director of the Company.

Appointment or dismissal of a Director as stated in Sections 59 and 230 of the Companies Law.

A transaction between the Company and a controlling shareholder of the Company as stated in Sections 275 and 320(f) of the Companies Law: No

The resolution on the agenda is brought: for a vote

The majority required to approve the resolution is: a simple majority

Is the holdings of the controlling shareholder of the Company will give to the controlling shareholder the majority required for the resolution on the subject: Yes

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6

The topic/resolution and details thereof:

Reappointment of Mr. Amit Ben-Zvi for an additional term of office as a Director of the Company.

Appointment or dismissal of a Director as stated in Sections 59 and 230 of the Companies Law.

A transaction between the Company and a controlling shareholder of the Company as stated in Sections 275 and 320(f) of the Companies Law: No

The resolution on the agenda is brought: for a vote

The majority required to approve the resolution is: a simple majority

Is the holdings of the controlling shareholder of the Company will give to the controlling shareholder the majority required for the resolution on the subject: Yes

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7

The topic/resolution and details thereof:

Reappointment of Mr. Haim Shani for an additional term of office as a Director of the Company.

Appointment or dismissal of a Director as stated in Sections 59 and 230 of the Companies Law.

A transaction between the Company and a controlling shareholder of the Company as stated in Sections 275 and 320(f) of the Companies Law: No

The resolution on the agenda is brought: for a vote

The majority required to approve the resolution is: a simple majority

Is the holdings of the controlling shareholder of the Company will give to the controlling shareholder the majority required for the resolution on the subject: Yes

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8

The topic/resolution and details thereof:

Reappointment of Ms. Bareket Shani for an additional term of office as a Director of the Company.

Appointment or dismissal of a Director as stated in Sections 59 and 230 of the Companies Law.

A transaction between the Company and a controlling shareholder of the Company as stated in Sections 275 and 320(f) of the Companies Law: No

The resolution on the agenda is brought: for a vote

The majority required to approve the resolution is: a simple majority

Is the holdings of the controlling shareholder of the Company will give to the controlling shareholder the majority required for the resolution on the subject: Yes

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9

The topic/resolution and details thereof:

Approval of the revised Compensation Policy, in the wording attached as Appendix G to the report on the convening of a meeting, for a period of three years from the date of its approval by the General Meeting of the Company's shareholders.

Approval of a Compensation Policy under Section 267A(a) of the Companies Law.

The resolution on the agenda is brought: for a vote

The majority required to approve the resolution is not a simple majority: a special majority in accordance with the provisions of Section 267A(b) of the Companies Law, as set forth in the convening report attached herewith.

Is the holdings of the controlling shareholder of the Company will give to the controlling shareholder the majority required for the resolution on the subject: No

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4. Attached herewith is/are the following:  
Wording of a voting instrument: Yes  
Position statement: No  
Declaration of candidate to serve as a Director of the corporation: Yes  
Declaration of Independent Director: No  
Declaration of External Director: No
5. Quorum for holding the meeting: A quorum in accordance with the Company's Articles shall be the presence, in person or by proxy, of two shareholders who hold at least thirty percent (30%) of the total voting rights in the Company.
6. In the absence of a quorum, the adjourned meeting will be held on date: October 27, 2016 at time: 10:30 AM (Belgium time) at the address: Zaventem Sheraton Hotel, Brussels, Belgium.
7. Time and place when any proposed resolution whose text has not been brought in full in the specification of the agenda as set forth above may be inspected: at the Company's offices at Unitronics House, 3 Arava Street, Airport City, Lod, Israel, Sundays through Thursdays during regular business hours, by prior arrangement with Mr. Gavriel Badusa.

**Respectfully,  
Unitronics (1989) (R'G) Ltd.**

**UNITRONICS (1989) (R"G) LTD.**  
**(the "Company")**

September 13, 2016

The Securities Authority  
[www.isa.gov.il](http://www.isa.gov.il)

The Tel Aviv Stock Exchange Ltd.  
[www.tase.co.il](http://www.tase.co.il)

**Re: Immediate Report on the Convening of an Annual and  
Extraordinary General Meeting**

An immediate report is hereby given on the convening of an Annual General and Extraordinary Meeting of the Company's shareholders ("**the Meeting**"), having on its agenda the matters detailed below, in accordance with the Companies Law, 5759-1999 ("**the Companies Law**"), the Companies Regulations (Notice and Announcement of a General Meeting and Class Meeting in a Public Company and Addition of an Item to the Agenda), 5760-2000, the Companies Regulations (Written Votes and Position Statements), 5766-2005, the Companies Regulations (Proof of Title to a Share for Voting at a General Meeting), 5760-2000, and the Securities Regulations (Periodic and Immediate Reports), 5730-1970 ("**the Periodic and Immediate Reporting Regulations**").

**1. Time, place and agenda**

Notice is hereby given of the convening of an Annual General and Extraordinary Meeting of the Company's shareholders ("**the Meeting**"), which is to convene on Thursday, October 20, 2016, at 10:30 AM (Belgium time), at the Zaventem Sheraton Hotel, Brussels, Belgium.

**2. The matters on the agenda of the Meeting and a summary of the proposed resolutions**

- 2.1 Presentation of the Company's audited financial statements, the Board of Directors' report on the state of affairs of the corporation, including the fee of the Company's independent auditors for audit actions and their fee for other actions, and the periodic annual report (in the Barnea Committee format) for the year ended December 31, 2015.**

Summary of the proposed resolution: To confirm that the Company's audited financial statements, the Board of Directors' report on the state of affairs of the corporation, including the fee of the Company's independent auditors for audit actions and their fee for other actions, and the periodic annual report (in the Barnea Committee format) for the year ended December 31, 2015, were presented to the General Meeting of the Company's shareholders.

**2.2 Appointment of Amit, Halfon CPA and BDO Ziv Haft, CPA, jointly, as the Company's independent auditors and authorization of the Board of Directors to set their fee.**

Summary of the proposed resolution: To approve the appointment of Amit, Halfon CPA as the Company's independent auditors jointly with BDO Ziv Haft, CPA for the year 2016 and up to the date of publication of the financial statements for the third quarter of 2017 and to authorize the Board of Directors to set their fee, and to approved the continued service thereafter of BDO Ziv Haft, CPA as the Company's sole independent auditors up to the next Annual General Meeting of the Company's shareholders and to authorize the Board of Directors to set their fee.

**2.3 Re-appointment of Mr. Zvi Livne for an additional term as a Director of the Company.**

Re-appointment of Mr. Zvi Livne for an additional term as a Director of the Company, up to the next Annual General Meeting of the Company's shareholders, in accordance with the Company's articles (for details about Mr. Livne, see Section 4.10 of the periodic and annual report of the Company for 2015, as published on May 8, 2016, Reference No. 2016-01-002367). Mr. Livne's declaration that he satisfies the required conditions for serving as a Director of the Company, pursuant to Section 224B of the Companies Law and Regulation 36B(a)(10) of the Periodic and Immediate Reports Regulations, is attached to this report as **Appendix A**.

During 2015, Mr. Livne's rate of attendance stood at 91% for meetings of the Board of Directors and at 100% for meetings of the committees of which he is a member. During the first and second quarters of 2016 and up to the date of publication of this report, Mr. Livne's rate of attendance at meetings of the Board of Directors and at meetings of the committees of which he is a member stood at 100%.

Subject to his re-appointment, Mr. Livne will continue to be entitled to an attendance fee and an annual fee as well as to insurance, indemnification and exemption arrangements, in accordance with the Company's Revised Compensation Policy (as hereinafter defined). For further details on the compensation paid to non-External and non-officer Directors of the Company, including Mr. Livne, see Section 24.2 of the Company's Revised Compensation Policy, attached to this report as **Appendix G**. In accordance with the foregoing, External Directors as well as non-officer Directors of the Company are entitled to an annual fee and an attendance fee in the "fixed amount" as set forth in the Second and Third Schedules to the Companies Regulations (Rules on Remuneration and Expenses of an External Director, 5766-2000) ("**the External Directors Remuneration Regulations**") and based on the Company's relevant equity rating. For details on the insurance, indemnification and exemption arrangements, see Section 25 of the Revised Compensation Policy.

Summary of the proposed resolution: To re-appoint Mr. Zvi Livne as a Director of the Company for an additional term up to the next Annual General Meeting of the Company's shareholders, in accordance with the Company's articles.



**2.4 Re-appointment of Mr. Gillon Beck for an additional term as a Director of the Company.**

Re-appointment of Mr. Gillon Beck for an additional term as a Director of the Company, up to the next Annual General Meeting of the Company's shareholders, in accordance with the Company's articles (for details about Mr. Beck, see [Appendix 2.1.6\(b\)\(3\)](#) to the report on a transaction and the convening of a Meeting as published on May 2, 2016, Reference No. 2016-01-057655). Mr. Beck's declaration that he satisfies the required conditions for serving as a Director of the Company, pursuant to Section 224B of the Companies Law and Regulation 36B(a)(10) of the Periodic and Immediate Reports Regulations, is attached to this report as [Appendix B](#).

From the time of his appointment in May 2016 until the date of publication of this report, Mr. Beck's rate of attendance at meetings of the Board of Directors stood at 100%.

Subject to his re-appointment, Mr. Beck will continue to be entitled to an attendance fee and an annual fee as well as to insurance, indemnification and exemption arrangements, in accordance with the Company's Revised Compensation Policy (as hereinafter defined), as set forth in Section 2.3 above.

Summary of the proposed resolution: To re-appoint Mr. Gillon Beck as a Director of the Company for an additional term up to the next Annual General Meeting of the Company's shareholders, in accordance with the Company's articles.

**2.5 Re-appointment of Mr. Yariv Avisar for an additional term as a Director of the Company.**

Re-appointment of Mr. Yariv Avisar for an additional term as a Director of the Company, up to the next Annual General Meeting of the Company's shareholders, in accordance with the Company's articles (for details about Mr. Avisar, see [Appendix 2.1.6\(b\)\(2\)](#) to the report on a transaction and the convening of a Meeting as published on May 2, 2016, Reference No. 2016-01-057655). Mr. Avisar's declaration that he satisfies the required conditions for serving as a Director of the Company, pursuant to Section 224B of the Companies Law and Regulation 36B(a)(10) of the Periodic and Immediate Reports Regulations, is attached to this report as [Appendix C](#).

From the time of his appointment in May 2016 until the date of publication of this report, Mr. Avisar's rate of attendance at meetings of the Board of Directors stood at 100%.

Subject to his re-appointment, Mr. Avisar will continue to be entitled to an attendance fee and an annual fee as well as to insurance, indemnification and exemption arrangements, in accordance with the Company's Revised Compensation Policy (as hereinafter defined), as set forth in Section 2.3 above.

Summary of the proposed resolution: To re-appoint Mr. Yariv Avisar as a Director of the Company for an additional term up to the next Annual General Meeting of the Company's shareholders, in accordance with the Company's articles.

**2.6 Re-appointment of Mr. Amit Ben-Zvi for an additional term as a Director of the Company.**

Re-appointment of Mr. Amit Ben-Zvi, active Chairman of the Board, for an additional term as a Director of the Company, up to the next Annual General Meeting of the Company's shareholders, in accordance with the Company's articles (for details about Mr. Ben-Zvi, see Appendix 2.1.6(b)(1) to the report on a transaction and the convening of a Meeting as published on May 2, 2016, Reference No. 2016-01-057655). Mr. Ben-Zvi's declaration that he satisfies the required conditions for serving as a Director of the Company, pursuant to Section 224B of the Companies Law and Regulation 36B(a)(10) of the Periodic and Immediate Reports Regulations, is attached to this report as Appendix D.

From the time of his appointment in May 2016 until the date of publication of this report, Mr. Ben-Zvi's rate of attendance at meetings of the Board of Directors stood at 100%.

For details on the terms of office of Mr. Ben-Zvi, including insurance, indemnification and exemption arrangements, see Sections 3.13 and 3.14 of the report on a transaction and the convening of a Meeting as published on May 2, 2016, Reference No. 2016-01-057655).

Summary of the proposed resolution: To re-appoint Mr. Amit Ben-Zvi as a Director of the Company for an additional term up to the next Annual General Meeting of the Company's shareholders, in accordance with the Company's articles.

**2.7 Re-appointment of Mr. Haim Shani for an additional term as a Director of the Company.**

Re-appointment of Mr. Haim Shani, Company's CEO and the Company's controlling shareholder jointly with the FIMI Fund, for an additional term as a Director of the Company, up to the next Annual General Meeting of the Company's shareholders, in accordance with the Company's articles (for details about Mr. Haim Shani, see Section 4.10 of the periodic and annual report of the Company for 2015, as published on May 8, 2016, Reference No. 2016-01-002367). Mr. Shani's declaration that he satisfies the required conditions for serving as a Director of the Company, pursuant to Section 224B of the Companies Law and Regulation 36B(a)(10) of the Periodic and Immediate Reports Regulations, is attached to this report as Appendix E.

During 2015 as well as in the first and second quarters of 2016 and up to the date of publication of this report, Mr. Shani's rate of attendance at meetings of the Board of Directors stood at 100%.

For details on the terms of office and employment of Mr. Shani, including insurance, indemnification and exemption arrangements, see Sections 4 and 5 of the report on a transaction and the convening of a Meeting as published on May 2, 2016, Reference No. 2016-01-057655) and Section 24.3 of the Revised Compensation Policy.

Summary of the proposed resolution: To re-appoint Mr. Haim Shani as a Director of the Company for an additional term up to the next Annual General Meeting of the Company's shareholders, in accordance with the Company's articles.

## **2.8 Re-appointment of Ms. Bareket Shani for an additional term as a Director of the Company.**

Re-appointment of Ms. Bareket Shani, Mr. Shani's wife and the Company's Deputy CEO and VP Human Resources, for an additional term as a Director of the Company, up to the next Annual General Meeting of the Company's shareholders, in accordance with the Company's articles (for details about Ms. Bareket Shani, see Section 4.10 of the periodic and annual report of the Company for 2015, as published on May 8, 2016, Reference No. 2016-01-002367). Ms. Shani's declaration that she satisfies the required conditions for serving as a Director of the Company, pursuant to Section 224B of the Companies Law and Regulation 36B(a)(10) of the Periodic and Immediate Reports Regulations, is attached to this report as **Appendix F**.

During 2015 as well as in the first and second quarters of 2016 and up to the date of publication of this report, Ms. Shani's rate of attendance at meetings of the Board of Directors stood at 100%.

For details on the terms of office and employment of Ms. Shani, including insurance, indemnification and exemption arrangements, see Sections 4 and 5 of the report on a transaction and the convening of a Meeting as published on May 2, 2016, Reference No. 2016-01-057655) and Section 24.3 of the Revised Compensation Policy.

Summary of the proposed resolution: To re-appoint Ms. Bareket Shani as a Director of the Company for an additional term up to the next Annual General Meeting of the Company's shareholders, in accordance with the Company's articles.

## **2.9 Revised Compensation policy approval**

In accordance with the provisions of the Companies Law, on December 9, 2013 the General Meeting of the Company's shareholders approved the Company's Compensation Policy (see report on results of a Meeting dated December 9, 2013, Reference No. 2013-01-092953, hereinafter: "**the Current Compensation Policy**"). On May 9, 2016 the General Meeting of the Company's shareholders approved an amendment to the Current Compensation Policy. With the approach of the end of three years since the Current Compensation Policy was first approved, it is proposed to re-approve a Revised Compensation Policy based on the underlying principles of the Current Compensation Policy.

If approved, the Revised Compensation Policy, attached to this report as **Appendix G**, will become effective on the date of its approval by the General Meeting and remain in force for three years (above and below: "**the Revised Compensation Policy**"). The changes in the Revised Compensation Policy compared to the Current Compensation Policy are marked in the wording of the Revised Compensation Policy attached to this report as **Appendix G**.

If the Revised Compensation Policy is not approved by the General Meeting of the Company's shareholders, the Company's Current Compensation Policy will continue to apply until the end of three years from the date of its approval by the General Meeting. However, in accordance with Section 267A(c) of the Companies Law, the Board of Directors will be permitted to approve the Revised Compensation Policy even if the General Meeting opposes its approval, should the Compensation Committee and thereafter the Board of Directors decide, based on detailed reasons and after reviewing the Revised Compensation Policy, that the approval of the Revised Compensation Policy in spite of the opposition of the General Meeting is to the Company's benefit.

On August 25, 2016, the Compensation Committee unanimously approved the Revised Compensation Policy and submitted its recommendations to the Board of Directors. On August 30, 2016, the Board of Directors unanimously approved the Revised Compensation Policy, based on the recommendations of the Compensation Committee, and resolved to recommend to the General Meeting of the Company's shareholders to approve it.

The principal changes in the Revised Compensation Policy compared to the Current Compensation Policy include: (1) updates in the information and data contained in the Revised Compensation Policy; (2) clarifications regarding the application of certain provisions of the Revised Compensation Policy to the Chairman of the Board of Directors.

At the aforementioned meetings, the Compensation Committee and the Board of Directors were presented with data collected by the Company's management as well as adjusted data of the salary and benefits survey in Israel's technology sector published by Zviran Consulting and Surveys Ltd. ("**Zviran**"), which serves as a benchmark for determining the compensation for officers of the Company, among them: (1) the ratio of the cost of the compensation conditions of the Company's officers to the cost of the salaries of the Company's other employees, including the ratio to the cost of the average salary and to the cost of the median salary of the Company's employees; (2) Zviran data relating to the compensation of the Company's officers compared to other companies; (3) the existing compensation conditions of the Company's officers, including information on the percentage of the position held by each of the Company's officers and the maximum compensation which they may receive; and (4) the ratio between the variable components and the fixed components in the compensation conditions of the Company's Officers based on the policy formulated by the Compensation Committee.

The Compensation Committee and the Board of Directors examined in their meetings all the considerations relating to the approval of the Revised Compensation Policy, including but not limited to the matters that must be addressed under Amendment No. 20 of the Companies Law. In this context they discussed, inter alia, the considerations that are required to be taken into account under Section 267B(a) and First Schedule A to the Companies Law. It should be noted that in determining the compensation of an officer, in accordance with the compensation policy, the Company will, inter alia, take into account and operate according to the criteria and considerations set forth in First Schedule A to the Companies Law, as aforesaid.

Summary of the proposed resolution: To approve the Revised Compensation Policy, in the wording attached to this report as **Appendix G**, for a period of three years from the date of its approval by the General Meeting of the Company's shareholders.

### **3. Quorum and adjourned meeting**

A quorum in accordance with the Company's articles will be constituted when two shareholders holding at least thirty percent (30%) of the total voting rights in the Company are present, in person or by proxy. If a quorum is not present within half an hour from the time set for the General Meeting, the Meeting will be adjourned by a week, to the same day, time and place. A quorum at an adjourned Meeting will be constituted when two shareholders are present, in person or by proxy, regardless of the percentage of votes represented by them.

### **4. Required majority at the Meeting**

- 4.1 The required majority for the approval of the matters on the agenda of the Meeting as set forth in Sections 2.1-2.8 above is a majority of the votes of shareholders who are entitled to attend the Meeting and who participate in the vote.
- 4.2 The required majority, under Section 267A of the Companies Law, for the approval of the matter set forth in Section 2.9 above is a majority of the votes of shareholders who are entitled to attend the Meeting and who participate in the vote, provided one of the following is fulfilled: (a) the count of the majority of the votes at the General Meeting must include a majority of all the votes of shareholders participating in the vote who are not controlling shareholders of the Company or who do not have a personal interest in the approval of the Compensation Policy, without taking into account abstentions of such shareholders; or alternatively (b) the total number of dissenting votes among shareholders participating in the vote who are not controlling shareholders of the Company or who do not have a personal interest in the approval of the Compensation Policy, is not more than two percent (2%) of the total voting rights in the Company.

## 5. Eligibility to vote

- 5.1 In accordance with Section 182(b) of the Companies Law, the Companies Regulations (Written Votes and Position Statements), 5766-2005 and the Companies Regulations (Reliefs for Companies Whose Shares Are Listed on a Stock Exchange Outside Israel), 5760-2000, the record date will be September 22, 2016 (the "**Record Date**"), such that anyone holding shares of the Company at the end of the trading day on the Record Date will be entitled to attend the Meeting and to vote thereat, in person or by proxy.
- 5.2 In accordance with the Companies Regulations (Proof of Title to a Share for Voting at a General Meeting), 5760-2000 ("**the Proof of Title Regulations**"), a shareholder who has a share registered with a member of the Tel Aviv Stock Exchange Ltd. and/or with an authorized broker under the Belgian law, and that share is included among the shares of the Company registered in the Register of Shareholders in the name of a nominee company and/or EuroClear Belgium / Interprofessionnelle Effetendeposito – en Girokas N.V. – Caisse Interprofessionnelle de Depots et de Virements de Titres S.A., and he wishes to attend and vote at the General Meeting, will submit to the Company a certificate from the member of the Stock Exchange and/or the authorized broker under the Belgian law with whom his right in the share is registered, regarding his title to the share, on the Record Date, according to Form 1 in the Schedule to the Regulations, or alternatively will send the Company a certificate of title via the Electronic Voting System. A power of attorney to attend and vote at the Meeting must be deposited at least 48 hours before the time of convening of the General and Extraordinary Meeting.
- 5.3 Under the Companies Law, a shareholder whose shares are registered with a member of the Stock Exchange may, if he so requested, receives the certificate of title from the member of the Stock Exchange through whom he holds his shares, at the branch of that member, or by post to his address against postage payment. Such a request must be given in advance for a particular securities account. An unregistered shareholder may also direct that his certificate of title be submitted to the Company via the Electronic Voting System.
- 5.4 The number of shares equivalent to 5% of the total voting rights in the Company is: 687,616 ordinary shares of the Company (taking into account dormant shares that do not confer voting rights).<sup>1</sup>
- 5.5 The number of shares equivalent to 5% of the total voting rights in the Company not held by the controlling shareholder is: 193,138 ordinary shares of the Company (taking into account dormant shares that do not confer voting rights).<sup>2</sup>

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<sup>1</sup> The Company's shares are also traded on Euronext in Brussels, Belgium. As required by the Financial Services and Markets Authority in Belgium (the FSMA), the calculation of the percentage of voting rights of the Company's shareholders must also take into account dormant shares as part of the issued and paid-up share capital of the Company, even though according to Israeli law dormant shares do not confer voting rights or any other rights. Since the source of the requirement for information in this section is the Israeli law, the Company does not provide here a calculation of the number of shares representing 5% of the total of voting rights in the Company as required by the FSMA.

## 6. Voting instrument

A shareholder may vote at the General Meeting through a voting instrument on items 2.9 on the agenda, as detailed below:

- 6.1 A vote in writing will be entered in the second part of the voting instrument attached to this report, as published on the Distribution Site (as defined in Section 6.6 below).
- 6.2 A shareholder may apply directly to the Company to receive from it the wording of the voting instrument and the position statements.
- 6.3 A Stock Exchange member will send by email, free of charge, a link to the wording of the voting instrument and the position statements on the Distribution Site, to every shareholder who is not registered in the Register of Shareholders and whose shares are registered with that Stock Exchange member, if the shareholder notified him that he is so interested, provided notice is given prior to the Record Date regarding a particular securities account.
- 6.4 A shareholder whose shares are registered with a Stock Exchange member may, if he so requested, receives the certificate of title from the Stock Exchange member through whom he holds his shares, at the branch of the Stock Exchange member, or by post to his address, against postage payment. Such a request must be given in advance for a particular securities account.
- 6.5 A voting instrument will be valid only if the documents listed in the voting instrument ("**the Attached Documents**") are attached to it, and if it is submitted to the Company's offices up to 4 hours before the time of convening of the Meeting. In this regard, the "date of submission" is the date on which the voting instrument and the Attached Documents reached the Company's offices. The deadline for the submission of position statements to the Company is up to 10 days before the meeting date.

The deadline for submitting position papers to the Company is: October 10, 2016.

The deadline for submitting the Board of Directors' response to the position papers is: October 15, 2016.

The deadline for submitting voting instruments to the Company is: October 20, 2016, at 6:30 AM.

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<sup>2</sup> See footnote 1 above, with the necessary changes.

6.6 The wording of the voting instrument and the position papers, as these terms are defined in Section 88 of the Companies, can be found on the website of the Israel Securities Authority (<http://www.magna.isa.gov.il/>) ("**the Distribution Site**"), on the website of the Tel Aviv Stock Exchange Ltd. (<http://maya.tase.co.il/>), on the distribution site of the Euronext Exchange in Belgium (<http://www.euronext.com/>), or on the Company's website (<http://www.unitronics.co.il/>).

## **7. Voting by an electronic voting instrument**

As stated above, an unregistered shareholder may vote on the resolutions on the agenda of the Meeting detailed in Section 2 above by an electronic voting instrument submitted via the Electronic Voting System as defined in the Voting Regulations ("**electronic voting instrument**").

The electronic voting instrument is opened for voting at the end of the Record Date. Voting via the Electronic Voting System will end six hours before the time of the Meeting (i.e. – on Thursday, October 20, 2016, at 4:30 AM), at which time the Electronic Voting System will be closed.

An electronic vote may be changed or cancelled up to the time of closing of the Electronic Voting System, and it may not be changed via the Electronic Voting System after that time. If a shareholder voted in more than one way, his later vote will be counted. In this regard, voting by a shareholder in person or by proxy will be deemed later than a vote by an electronic voting instrument.

## **8. The Company's representatives for dealing with the immediate report**

The Company's representative for purposes of this immediate report is Mr. Gavriel Badusa, the Company's CFO, at Unitronics House, 3 Arava St., Airport City, Lod, Israel, telephone 03-9778888, fax 03-9778877.

## **9. Inspection of documents**

This immediate report and the documents referred to herein, as well as the complete wording of the resolutions on the agenda, may be inspected at the Company's offices at Unitronics House, 3 Arava St., Airport City, Lod, Israel, Sunday through Thursday, during regular business hours, by prior arrangement with Mr. Gavriel Badusa (telephone 03-9778888, fax 03-9778877).

**Respectfully,  
Unitronics (1989) (R"G) Ltd.**

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**Haim Shani, CEO**

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**Gavriel Badusa, CFO**



**Appendix A - Mr. Zvi Livne's declaration**

To:

**Unitronics (1989) (R”G) Ltd.**

**Declaration of Candidate for Office of Director in Public Company**

Under the Companies Law, 5759-1999 (the "**Law**")

I, the undersigned, *Zvi Livne*, ID number: 010025658, address: 20 *Yohanan Hasandlar st. Haifa*, hereby declare for the purpose of my appointment as a director in the company as follows:

1. None of the restrictions determined in Sections 225 to 227A of the Law on restriction on appointment of a minor, an incompetent person, bankruptcy, a restriction on appointment as a result of the commission of an offense, a conviction or a decision of the administrative enforcement committee – as these restrictions are drafted on the date of execution of this declaration, as set forth in **Appendix A** and constituting an integral part hereof, are satisfied in my case.
2. Pursuant to the provisions of the Law, I am considered to have a "personal interest" as defined in the Law, in transactions between the Company and myself and between the Company and any of my relatives and between the Company and corporations and entities in which I or any of my relatives are stakeholders (hereinafter, the "**Corporations**").
3. My activities within the scope of my office as an office holder of the Company, as long as they are carried out in good faith, as long as they are not connected to me or my relatives or the Corporations personally, are not considered to be acts amounting to a conflict of interest or competition with the business of the Company or usurpation of a business opportunity of the Company with the object of obtaining a benefit for myself or any other person (hereinafter, "**Breach of Trust**") and do not harm the best interest of the Company, just because me or my relatives are stakeholders in the Corporations.
4. Where I to believe, according to my best knowledge, that an activity within the scope of my office as office holder of the Company is connected to me or my relatives or the Corporations personally, and also were the Company to enter into an exceptional transaction and/or an ordinary transaction connected to me or my relatives or the Corporations personally and it came to my knowledge – I shall notify the audit committee and/or the board of directors, as the case may be, of my personal interest, if the activity and/or transaction is presented for their approval, or to an entity and/or forum reaching a decision with respect to the act or approving the transaction, if the activity and/or transaction is not presented for the approval of the board of directors at the beginning of the deliberation on the activity and/or the transaction and I shall not be present at the meeting at the time of the deliberation on the activity and/or the

transaction; however, I may be entitled to participate at the beginning of the meeting for the purpose of passing on information only.

5. I possess all the skills required and the capacity to devote the appropriate time to perform my position as director of the Company, with attention *inter alia* to the special needs and size of the Company, based on the skills listed below:

**Education**

*BA, Economics and Accounting, Tel Aviv University*

*MBA, Business Management, Tel Aviv University.*

**Professional Experience**

*senior partner at Ziv, Shifer & Co., CPA; financial and commercial consultant to several companies; Director of Unitronics Building Management and Maintenance (2003) Ltd., PML – Particle Monitoring Technologies Ltd. and Alberta Nano Monitoring Systems Ltd.*

6. Likewise, I undertake that if any of the conditions required under the Law for my office as director of the Company cease to exist in my case, or if a ground for the expiration of my office as director of the Company exists in my case, I shall notify the Company thereof immediately and my office shall expire from the date of notification as stated in Section 227A of the Law (as set forth in Appendix A). I know that pursuant to Section 234 of the Law, a breach of such duty of notification shall be deemed a Breach of Trust on my part to the Company.
7. After having closely read and understood all that stated above, I declare that all that stated above is the truth and that I am fully aware of all my obligations and rights under the Law and Regulations.

Zvi Livne

August 30, 2016

( - )

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

## **Appendix A**

### **Articles 225-227A of the Companies Law, 5759-1999**

#### **Duty of Disclosure**

**225. (a)** A person who is a candidate to hold office as a director shall disclose to the person appointing him:

(1) whether he has been convicted by a conclusive judgment of an offense referred to in section 226(a) and not yet passed the period in which he should not serve as a director under section 226;

(2) whether he has been convicted by a conclusive judgment of an offense referred to in section 226(a1) and not yet passed the period set by the court under that subsection;

(3) whether the Administrative Enforcement Committee imposed on him enforcement measure which prohibits him to serve as a director in any public company, and not yet passed the period set by the Administrative Enforcement Committee.

**(b)** In this section:

"enforcement measure" – as stated in section 52NF to the Securities Law which imposed under chapter H4 to the Securities Law, under chapter G2 to the Investment Advice and Investment Portfolio Management Law, 1995, or under chapter J1 to the Joint Investment Trust Law, 1994, as applicable;

"Administrative Enforcement Committee" - the committee appointed under section 52LB(a) to the Securities Law;

"Conclusive judgment" – judgment of a court of the first instance

#### **Restriction on Appointment Due to Conviction**

**226. (a)** A person convicted by a conclusive judgment of one of the following offenses shall not hold office as a Director in a public company unless five years have passed from the date on which the judgment by which he was convicted was given:

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

(2) A conviction by a court outside Israel for offenses of bribery, deceit, offenses by managers of a corporate body or offenses involving misuse of inside information;

(3) (deleted)

**(a1)** A person convicted by a conclusive judgment, as it is defined in section 225(b), in an offense that was not mentioned in subsection (a), if the court determined that due to its nature, severity or circumstances he is not fit to serve as a director of public company for the period that the court determined which shall not exceed five years from the judgment.

**(b)** The court may determine, at the date of the conviction or thereafter, on the application of a person interested in being appointed as a director, that

despite his conviction of offenses as laid down in subsections (a), and taking into account, inter alia, the circumstances in which the offense took place, such person is not precluded from holding office as director of a public company, or the period in which he is precluded from holding office as director of public company or a private company which is a Debenture Company will be shorter than five years.

(c) The Minister may prescribe additional offenses to those laid down in subsection (a)(1).

(d) The court, or a court of appeal – if one was submitted, may order a stay of execution regarding the limitations of the appointment or termination of office under this section at the date and on such terms as it deems fit.

**Restriction on  
Appointment  
Due to  
Administrative  
Enforcement  
Committee  
decision**

**226A.** If the Administrative Enforcement Committee has imposed an enforcement measure on a person, which precludes him from holding office as director of a public company, such person shall not be appointed as a director of a company in which he is prohibited to serve as a director according to this measure; in this section “enforcement measure” and “Administrative Enforcement Committee” – as defined in section 225(b).

**Limitation of  
Appointment**

**227. (a)** A minor, a legally incompetent person, a person who has been declared bankrupt as long as such person remains undischarged, shall not be appointed as director, nor shall a corporation that has resolved to enter into voluntary liquidation or in respect of which a winding up order has been issued.

(b) A person nominated to hold office as director to whom the provisions of subsection (A) apply shall disclose such to the entity appointing him.

**Duty of  
Notice**

**227A.** A director that no longer fulfils one of the requirements for office as a director under this Law or there is ground for expiration of his office as a director shall notify the company immediately, and his office shall expire on the date of the notice.

**Appendix B - Mr. Gillon Beck's declaration**

To:

**Unitronics (1989) (R”G) Ltd.**

**Declaration of Candidate for Office of Director in Public Company**

Under the Companies Law, 5759-1999 (the "**Law**")

I, the undersigned, *Gillon Beck*, ID number: 057382780, address: 34 *Ha'arazim st., Givat Ada*, hereby declare for the purpose of my appointment as a director in the company as follows:

1. None of the restrictions determined in Sections 225 to 227A of the Law on restriction on appointment of a minor, an incompetent person, bankruptcy, a restriction on appointment as a result of the commission of an offense, a conviction or a decision of the administrative enforcement committee – as these restrictions are drafted on the date of execution of this declaration, as set forth in **Appendix A** and constituting an integral part hereof, are satisfied in my case.
2. Pursuant to the provisions of the Law, I am considered to have a "personal interest" as defined in the Law, in transactions between the Company and myself and between the Company and any of my relatives and between the Company and corporations and entities in which I or any of my relatives are stakeholders (hereinafter, the "**Corporations**").
3. My activities within the scope of my office as an office holder of the Company, as long as they are carried out in good faith, as long as they are not connected to me or my relatives or the Corporations personally, are not considered to be acts amounting to a conflict of interest or competition with the business of the Company or usurpation of a business opportunity of the Company with the object of obtaining a benefit for myself or any other person (hereinafter, "**Breach of Trust**") and do not harm the best interest of the Company, just because me or my relatives are stakeholders in the Corporations.
4. Where I to believe, according to my best knowledge, that an activity within the scope of my office as office holder of the Company is connected to me or my relatives or the Corporations personally, and also were the Company to enter into an exceptional transaction and/or an ordinary transaction connected to me or my relatives or the Corporations personally and it came to my knowledge – I shall notify the audit committee and/or the board of directors, as the case may be, of my personal interest, if the activity and/or transaction is presented for their approval, or to an entity and/or forum reaching a decision with respect to the act or approving the transaction, if the activity and/or transaction is not presented for the approval of the board of directors at the beginning of the deliberation on the activity and/or the transaction and I shall not be present at the meeting at the time of the deliberation on the activity and/or the

transaction; however, I may be entitled to participate at the beginning of the meeting for the purpose of passing on information only.

5. I possess all the skills required and the capacity to devote the appropriate time to perform my position as director of the Company, with attention *inter alia* to the special needs and size of the Company, based on the skills listed below:

**Education**

*BSC, Industrial Engineering,( With distinction), Technion;  
MBA, Business Management, Bar Ilan University.*

**Professional Experience**

*Senior partner of FIMI fund, chairman of the board of directors at: Rivulis Irrigation, Ormat Technologies, Ham-Let (Israel-Canada), Overseas Commerce Ltd, H.R. Givon, Oxygen and Argon Works, Bet Shemesh Engines, Magal; Director of Fimi Fund Group and other companies.*

6. Likewise, I undertake that if any of the conditions required under the Law for my office as director of the Company cease to exist in my case, or if a ground for the expiration of my office as director of the Company exists in my case, I shall notify the Company thereof immediately and my office shall expire from the date of notification as stated in Section 227A of the Law (as set forth in Appendix A). I know that pursuant to Section 234 of the Law, a breach of such duty of notification shall be deemed a Breach of Trust on my part to the Company.
7. After having closely read and understood all that stated above, I declare that all that stated above is the truth and that I am fully aware of all my obligations and rights under the Law and Regulations.

Gillon Beck

August 30, 2016

( - )

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature



## **Appendix A**

### **Articles 225-227A of the Companies Law, 5759-1999**

#### **Duty of Disclosure**

**225. (a)** A person who is a candidate to hold office as a director shall disclose to the person appointing him:

(1) whether he has been convicted by a conclusive judgment of an offense referred to in section 226(a) and not yet passed the period in which he should not serve as a director under section 226;

(2) whether he has been convicted by a conclusive judgment of an offense referred to in section 226(a1) and not yet passed the period set by the court under that subsection;

(3) whether the Administrative Enforcement Committee imposed on him enforcement measure which prohibits him to serve as a director in any public company, and not yet passed the period set by the Administrative Enforcement Committee.

**(b)** In this section:

"enforcement measure" – as stated in section 52NF to the Securities Law which imposed under chapter H4 to the Securities Law, under chapter G2 to the Investment Advice and Investment Portfolio Management Law, 1995, or under chapter J1 to the Joint Investment Trust Law, 1994, as applicable;

"Administrative Enforcement Committee" - the committee appointed under section 52LB(a) to the Securities Law;

"Conclusive judgment" – judgment of a court of the first instance

#### **Restriction on Appointment Due to Conviction**

**226. (a)** A person convicted by a conclusive judgment of one of the following offenses shall not hold office as a Director in a public company unless five years have passed from the date on which the judgment by which he was convicted was given:

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

(2) A conviction by a court outside Israel for offenses of bribery, deceit, offenses by managers of a corporate body or offenses involving misuse of inside information;

(3) (deleted)

**(a1)** A person convicted by a conclusive judgment, as it is defined in section 225(b), in an offense that was not mentioned in subsection (a), if the court determined that due to its nature, severity or circumstances he is not fit to serve as a director of public company for the period that the court determined which shall not exceed five years from the judgment.

**(b)** The court may determine, at the date of the conviction or thereafter, on the application of a person interested in being appointed as a director, that

despite his conviction of offenses as laid down in subsections (a), and taking into account, inter alia, the circumstances in which the offense took place, such person is not precluded from holding office as director of a public company, or the period in which he is precluded from holding office as director of public company or a private company which is a Debenture Company will be shorter than five years.

(c) The Minister may prescribe additional offenses to those laid down in subsection (a)(1).

(d) The court, or a court of appeal – if one was submitted, may order a stay of execution regarding the limitations of the appointment or termination of office under this section at the date and on such terms as it deems fit.

**Restriction on  
Appointment  
Due to  
Administrative  
Enforcement  
Committee  
decision**

**226A.** If the Administrative Enforcement Committee has imposed an enforcement measure on a person, which precludes him from holding office as director of a public company, such person shall not be appointed as a director of a company in which he is prohibited to serve as a director according to this measure; in this section “enforcement measure” and “Administrative Enforcement Committee” – as defined in section 225(b).

**Limitation of  
Appointment**

**227. (a)** A minor, a legally incompetent person, a person who has been declared bankrupt as long as such person remains undischarged, shall not be appointed as director, nor shall a corporation that has resolved to enter into voluntary liquidation or in respect of which a winding up order has been issued.

(b) A person nominated to hold office as director to whom the provisions of subsection (A) apply shall disclose such to the entity appointing him.

**Duty of  
Notice**

**227A.** A director that no longer fulfils one of the requirements for office as a director under this Law or there is ground for expiration of his office as a director shall notify the company immediately, and his office shall expire on the date of the notice.

**Appendix C - Mr. Yariv Avisar's declaration**

**To:**

**Unitronics (1989) (R”G) Ltd.**

**Declaration of Candidate for Office of Director in Public Company**

Under the Companies Law, 5759-1999 (the "**Law**")

I, the undersigned, *Yariv Avisar*, ID number: 57418873, address: *Hashachaf st. P.O.B 219 Ein Sarid*, hereby declare for the purpose of my appointment as a director in the company as follows:

1. None of the restrictions determined in Sections 225 to 227A of the Law on restriction on appointment of a minor, an incompetent person, bankruptcy, a restriction on appointment as a result of the commission of an offense, a conviction or a decision of the administrative enforcement committee – as these restrictions are drafted on the date of execution of this declaration, as set forth in **Appendix A** and constituting an integral part hereof, are satisfied in my case.
2. Pursuant to the provisions of the Law, I am considered to have a "personal interest" as defined in the Law, in transactions between the Company and myself and between the Company and any of my relatives and between the Company and corporations and entities in which I or any of my relatives are stakeholders (hereinafter, the "**Corporations**").
3. My activities within the scope of my office as an office holder of the Company, as long as they are carried out in good faith, as long as they are not connected to me or my relatives or the Corporations personally, are not considered to be acts amounting to a conflict of interest or competition with the business of the Company or usurpation of a business opportunity of the Company with the object of obtaining a benefit for myself or any other person (hereinafter, "**Breach of Trust**") and do not harm the best interest of the Company, just because me or my relatives are stakeholders in the Corporations.
4. Where I to believe, according to my best knowledge, that an activity within the scope of my office as office holder of the Company is connected to me or my relatives or the Corporations personally, and also were the Company to enter into an exceptional transaction and/or an ordinary transaction connected to me or my relatives or the Corporations personally and it came to my knowledge – I shall notify the audit committee and/or the board of directors, as the case may be, of my personal interest, if the activity and/or transaction is presented for their approval, or to an entity and/or forum reaching a decision with respect to the act or approving the transaction, if the activity and/or transaction is not presented for the approval of the board of directors at the beginning of the deliberation on the activity and/or the transaction and I shall not be present at the meeting at the time of the deliberation on the activity and/or the

transaction; however, I may be entitled to participate at the beginning of the meeting for the purpose of passing on information only.

5. I possess all the skills required and the capacity to devote the appropriate time to perform my position as director of the Company, with attention *inter alia* to the special needs and size of the Company, based on the skills listed below:

**Education**

*BA, Business Administration, The Collage of Management.*

**Professional Experience**

*CEO of SCR Engineers; CEO of Hp Industrial Printing; director of subsidiaries of SCR Group.*

6. Likewise, I undertake that if any of the conditions required under the Law for my office as director of the Company cease to exist in my case, or if a ground for the expiration of my office as director of the Company exists in my case, I shall notify the Company thereof immediately and my office shall expire from the date of notification as stated in Section 227A of the Law (as set forth in Appendix A). I know that pursuant to Section 234 of the Law, a breach of such duty of notification shall be deemed a Breach of Trust on my part to the Company.
7. After having closely read and understood all that stated above, I declare that all that stated above is the truth and that I am fully aware of all my obligations and rights under the Law and Regulations.

Yariv Avisar

August 26, 2016

( - )

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

## **Appendix A**

### **Articles 225-227A of the Companies Law, 5759-1999**

#### **Duty of Disclosure**

**225. (a)** A person who is a candidate to hold office as a director shall disclose to the person appointing him:

(1) whether he has been convicted by a conclusive judgment of an offense referred to in section 226(a) and not yet passed the period in which he should not serve as a director under section 226;

(2) whether he has been convicted by a conclusive judgment of an offense referred to in section 226(a1) and not yet passed the period set by the court under that subsection;

(3) whether the Administrative Enforcement Committee imposed on him enforcement measure which prohibits him to serve as a director in any public company, and not yet passed the period set by the Administrative Enforcement Committee.

**(b)** In this section:

"enforcement measure" – as stated in section 52NF to the Securities Law which imposed under chapter H4 to the Securities Law, under chapter G2 to the Investment Advice and Investment Portfolio Management Law, 1995, or under chapter J1 to the Joint Investment Trust Law, 1994, as applicable;

"Administrative Enforcement Committee" - the committee appointed under section 52LB(a) to the Securities Law;

"Conclusive judgment" – judgment of a court of the first instance

#### **Restriction on Appointment Due to Conviction**

**226. (a)** A person convicted by a conclusive judgment of one of the following offenses shall not hold office as a Director in a public company unless five years have passed from the date on which the judgment by which he was convicted was given:

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

(2) A conviction by a court outside Israel for offenses of bribery, deceit, offenses by managers of a corporate body or offenses involving misuse of inside information;

(3) (deleted)

**(a1)** A person convicted by a conclusive judgment, as it is defined in section 225(b), in an offense that was not mentioned in subsection (a), if the court determined that due to its nature, severity or circumstances he is not fit to serve as a director of public company for the period that the court determined which shall not exceed five years from the judgment.

**(b)** The court may determine, at the date of the conviction or thereafter, on the application of a person interested in being appointed as a director, that

despite his conviction of offenses as laid down in subsections (a), and taking into account, inter alia, the circumstances in which the offense took place, such person is not precluded from holding office as director of a public company, or the period in which he is precluded from holding office as director of public company or a private company which is a Debenture Company will be shorter than five years.

(c) The Minister may prescribe additional offenses to those laid down in subsection (a)(1).

(d) The court, or a court of appeal – if one was submitted, may order a stay of execution regarding the limitations of the appointment or termination of office under this section at the date and on such terms as it deems fit.

**Restriction on  
Appointment  
Due to  
Administrative  
Enforcement  
Committee  
decision**

**226A.** If the Administrative Enforcement Committee has imposed an enforcement measure on a person, which precludes him from holding office as director of a public company, such person shall not be appointed as a director of a company in which he is prohibited to serve as a director according to this measure; in this section “enforcement measure” and “Administrative Enforcement Committee” – as defined in section 225(b).

**Limitation of  
Appointment**

**227. (a)** A minor, a legally incompetent person, a person who has been declared bankrupt as long as such person remains undischarged, shall not be appointed as director, nor shall a corporation that has resolved to enter into voluntary liquidation or in respect of which a winding up order has been issued.

(b) A person nominated to hold office as director to whom the provisions of subsection (A) apply shall disclose such to the entity appointing him.

**Duty of  
Notice**

**227A.** A director that no longer fulfils one of the requirements for office as a director under this Law or there is ground for expiration of his office as a director shall notify the company immediately, and his office shall expire on the date of the notice.

**Appendix D - Mr. Amit Ben-Zvi's declaration**



**To:**

**Unitronics (1989) (R”G) Ltd.**

**Declaration of Candidate for Office of Director in Public Company**

Under the Companies Law, 5759-1999 (the "**Law**")

I, the undersigned, *Amit Ben-Zvi*, ID number: 022644744, address: 98 Yigal Alon st. Tel Aviv, hereby declare for the purpose of my appointment as a director in the company as follows:

1. None of the restrictions determined in Sections 225 to 227A of the Law on restriction on appointment of a minor, an incompetent person, bankruptcy, a restriction on appointment as a result of the commission of an offense, a conviction or a decision of the administrative enforcement committee – as these restrictions are drafted on the date of execution of this declaration, as set forth in **Appendix A** and constituting an integral part hereof, are satisfied in my case.
2. Pursuant to the provisions of the Law, I am considered to have a "personal interest" as defined in the Law, in transactions between the Company and myself and between the Company and any of my relatives and between the Company and corporations and entities in which I or any of my relatives are stakeholders (hereinafter, the "**Corporations**").
3. My activities within the scope of my office as an office holder of the Company, as long as they are carried out in good faith, as long as they are not connected to me or my relatives or the Corporations personally, are not considered to be acts amounting to a conflict of interest or competition with the business of the Company or usurpation of a business opportunity of the Company with the object of obtaining a benefit for myself or any other person (hereinafter, "**Breach of Trust**") and do not harm the best interest of the Company, just because me or my relatives are stakeholders in the Corporations.
4. Where I to believe, according to my best knowledge, that an activity within the scope of my office as office holder of the Company is connected to me or my relatives or the Corporations personally, and also were the Company to enter into an exceptional transaction and/or an ordinary transaction connected to me or my relatives or the Corporations personally and it came to my knowledge – I shall notify the audit committee and/or the board of directors, as the case may be, of my personal interest, if the activity and/or transaction is presented for their approval, or to an entity and/or forum reaching a decision with respect to the act or approving the transaction, if the activity and/or transaction is not presented for the approval of the board of directors at the beginning of the deliberation on the activity and/or the transaction and I shall not be present at the meeting at the time of the deliberation on the activity and/or the

transaction; however, I may be entitled to participate at the beginning of the meeting for the purpose of passing on information only.

5. I possess all the skills required and the capacity to devote the appropriate time to perform my position as director of the Company, with attention *inter alia* to the special needs and size of the Company, based on the skills listed below:

**Education**

*LLB, Law, Tel Aviv University;*

*BA, Accounting, Tel Aviv University.*

**Professional Experience**

*Partner at FIMI Opportunity Funds; CEO of Hermes Technologies; Director of Hadera Paper Ltd, Overseas Commerce Ltd, Dimer Ltd, Mer Ltd, Novolog (Pharm-up 1966) Ltd.*

6. Likewise, I undertake that if any of the conditions required under the Law for my office as director of the Company cease to exist in my case, or if a ground for the expiration of my office as director of the Company exists in my case, I shall notify the Company thereof immediately and my office shall expire from the date of notification as stated in Section 227A of the Law (as set forth in Appendix A). I know that pursuant to Section 234 of the Law, a breach of such duty of notification shall be deemed a Breach of Trust on my part to the Company.
7. After having closely read and understood all that stated above, I declare that all that stated above is the truth and that I am fully aware of all my obligations and rights under the Law and Regulations.

Amit Ben-Zvi

August 30, 2016

( - )

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

## **Appendix A**

### **Articles 225-227A of the Companies Law, 5759-1999**

#### **Duty of Disclosure**

**225. (a)** A person who is a candidate to hold office as a director shall disclose to the person appointing him:

(1) whether he has been convicted by a conclusive judgment of an offense referred to in section 226(a) and not yet passed the period in which he should not serve as a director under section 226;

(2) whether he has been convicted by a conclusive judgment of an offense referred to in section 226(a1) and not yet passed the period set by the court under that subsection;

(3) whether the Administrative Enforcement Committee imposed on him enforcement measure which prohibits him to serve as a director in any public company, and not yet passed the period set by the Administrative Enforcement Committee.

**(b)** In this section:

"enforcement measure" – as stated in section 52NF to the Securities Law which imposed under chapter H4 to the Securities Law, under chapter G2 to the Investment Advice and Investment Portfolio Management Law, 1995, or under chapter J1 to the Joint Investment Trust Law, 1994, as applicable;

"Administrative Enforcement Committee" - the committee appointed under section 52LB(a) to the Securities Law;

"Conclusive judgment" – judgment of a court of the first instance

#### **Restriction on Appointment Due to Conviction**

**226. (a)** A person convicted by a conclusive judgment of one of the following offenses shall not hold office as a Director in a public company unless five years have passed from the date on which the judgment by which he was convicted was given:

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

(2) A conviction by a court outside Israel for offenses of bribery, deceit, offenses by managers of a corporate body or offenses involving misuse of inside information;

(3) (deleted)

**(a1)** A person convicted by a conclusive judgment, as it is defined in section 225(b), in an offense that was not mentioned in subsection (a), if the court determined that due to its nature, severity or circumstances he is not fit to serve as a director of public company for the period that the court determined which shall not exceed five years from the judgment.

**(b)** The court may determine, at the date of the conviction or thereafter, on the application of a person interested in being appointed as a director, that

despite his conviction of offenses as laid down in subsections (a), and taking into account, inter alia, the circumstances in which the offense took place, such person is not precluded from holding office as director of a public company, or the period in which he is precluded from holding office as director of public company or a private company which is a Debenture Company will be shorter than five years.

(c) The Minister may prescribe additional offenses to those laid down in subsection (a)(1).

(d) The court, or a court of appeal – if one was submitted, may order a stay of execution regarding the limitations of the appointment or termination of office under this section at the date and on such terms as it deems fit.

**Restriction on  
Appointment  
Due to  
Administrative  
Enforcement  
Committee  
decision**

**226A.** If the Administrative Enforcement Committee has imposed an enforcement measure on a person, which precludes him from holding office as director of a public company, such person shall not be appointed as a director of a company in which he is prohibited to serve as a director according to this measure; in this section “enforcement measure” and “Administrative Enforcement Committee” – as defined in section 225(b).

**Limitation of  
Appointment**

**227. (a)** A minor, a legally incompetent person, a person who has been declared bankrupt as long as such person remains undischarged, shall not be appointed as director, nor shall a corporation that has resolved to enter into voluntary liquidation or in respect of which a winding up order has been issued.

(b) A person nominated to hold office as director to whom the provisions of subsection (A) apply shall disclose such to the entity appointing him.

**Duty of  
Notice**

**227A.** A director that no longer fulfils one of the requirements for office as a director under this Law or there is ground for expiration of his office as a director shall notify the company immediately, and his office shall expire on the date of the notice.

**Appendix E - Mr. Haim Shani's declaration**

To:

**Unitronics (1989) (R”G) Ltd.**

**Declaration of Candidate for Office of Director in Public Company**

Under the Companies Law, 5759-1999 (the "**Law**")

I, the undersigned, *Haim Shani*, ID number: 056548142, address: 20 Bazelet st. Shoham, hereby declare for the purpose of my appointment as a director in the company as follows:

1. None of the restrictions determined in Sections 225 to 227A of the Law on restriction on appointment of a minor, an incompetent person, bankruptcy, a restriction on appointment as a result of the commission of an offense, a conviction or a decision of the administrative enforcement committee – as these restrictions are drafted on the date of execution of this declaration, as set forth in **Appendix A** and constituting an integral part hereof, are satisfied in my case.
2. Pursuant to the provisions of the Law, I am considered to have a "personal interest" as defined in the Law, in transactions between the Company and myself and between the Company and any of my relatives and between the Company and corporations and entities in which I or any of my relatives are stakeholders (hereinafter, the "**Corporations**").
3. My activities within the scope of my office as an office holder of the Company, as long as they are carried out in good faith, as long as they are not connected to me or my relatives or the Corporations personally, are not considered to be acts amounting to a conflict of interest or competition with the business of the Company or usurpation of a business opportunity of the Company with the object of obtaining a benefit for myself or any other person (hereinafter, "**Breach of Trust**") and do not harm the best interest of the Company, just because me or my relatives are stakeholders in the Corporations.
4. Where I to believe, according to my best knowledge, that an activity within the scope of my office as office holder of the Company is connected to me or my relatives or the Corporations personally, and also were the Company to enter into an exceptional transaction and/or an ordinary transaction connected to me or my relatives or the Corporations personally and it came to my knowledge – I shall notify the audit committee and/or the board of directors, as the case may be, of my personal interest, if the activity and/or transaction is presented for their approval, or to an entity and/or forum reaching a decision with respect to the act or approving the transaction, if the activity and/or transaction is not presented for the approval of the board of directors at the beginning of the deliberation on the activity and/or the transaction and I shall not be present at the meeting at the time of the deliberation on the activity and/or the

transaction; however, I may be entitled to participate at the beginning of the meeting for the purpose of passing on information only.

5. I possess all the skills required and the capacity to devote the appropriate time to perform my position as director of the Company, with attention *inter alia* to the special needs and size of the Company, based on the skills listed below:

**Education**

*High school education.*

**Professional Experience**

*CEO and Director of Unitronics (1989) (R"G) Ltd and other companies of Unitronics Group.*

6. Likewise, I undertake that if any of the conditions required under the Law for my office as director of the Company cease to exist in my case, or if a ground for the expiration of my office as director of the Company exists in my case, I shall notify the Company thereof immediately and my office shall expire from the date of notification as stated in Section 227A of the Law (as set forth in Appendix A). I know that pursuant to Section 234 of the Law, a breach of such duty of notification shall be deemed a Breach of Trust on my part to the Company.
7. After having closely read and understood all that stated above, I declare that all that stated above is the truth and that I am fully aware of all my obligations and rights under the Law and Regulations.

Haim Shani

August 30, 2016

( - )

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

## **Appendix A**

### **Articles 225-227A of the Companies Law, 5759-1999**

#### **Duty of Disclosure**

**225. (a)** A person who is a candidate to hold office as a director shall disclose to the person appointing him:

(1) whether he has been convicted by a conclusive judgment of an offense referred to in section 226(a) and not yet passed the period in which he should not serve as a director under section 226;

(2) whether he has been convicted by a conclusive judgment of an offense referred to in section 226(a1) and not yet passed the period set by the court under that subsection;

(3) whether the Administrative Enforcement Committee imposed on him enforcement measure which prohibits him to serve as a director in any public company, and not yet passed the period set by the Administrative Enforcement Committee.

**(b)** In this section:

"enforcement measure" – as stated in section 52NF to the Securities Law which imposed under chapter H4 to the Securities Law, under chapter G2 to the Investment Advice and Investment Portfolio Management Law, 1995, or under chapter J1 to the Joint Investment Trust Law, 1994, as applicable;

"Administrative Enforcement Committee" - the committee appointed under section 52LB(a) to the Securities Law;

"Conclusive judgment" – judgment of a court of the first instance

#### **Restriction on Appointment Due to Conviction**

**226. (a)** A person convicted by a conclusive judgment of one of the following offenses shall not hold office as a Director in a public company unless five years have passed from the date on which the judgment by which he was convicted was given:

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

(2) A conviction by a court outside Israel for offenses of bribery, deceit, offenses by managers of a corporate body or offenses involving misuse of inside information;

(3) (deleted)

**(a1)** A person convicted by a conclusive judgment, as it is defined in section 225(b), in an offense that was not mentioned in subsection (a), if the court determined that due to its nature, severity or circumstances he is not fit to serve as a director of public company for the period that the court determined which shall not exceed five years from the judgment.

**(b)** The court may determine, at the date of the conviction or thereafter, on the application of a person interested in being appointed as a director, that



despite his conviction of offenses as laid down in subsections (a), and taking into account, inter alia, the circumstances in which the offense took place, such person is not precluded from holding office as director of a public company, or the period in which he is precluded from holding office as director of public company or a private company which is a Debenture Company will be shorter than five years.

(c) The Minister may prescribe additional offenses to those laid down in subsection (a)(1).

(d) The court, or a court of appeal – if one was submitted, may order a stay of execution regarding the limitations of the appointment or termination of office under this section at the date and on such terms as it deems fit.

**Restriction on  
Appointment  
Due to  
Administrative  
Enforcement  
Committee  
decision**

**226A.** If the Administrative Enforcement Committee has imposed an enforcement measure on a person, which precludes him from holding office as director of a public company, such person shall not be appointed as a director of a company in which he is prohibited to serve as a director according to this measure; in this section “enforcement measure” and “Administrative Enforcement Committee” – as defined in section 225(b).

**Limitation of  
Appointment**

**227. (a)** A minor, a legally incompetent person, a person who has been declared bankrupt as long as such person remains undischarged, shall not be appointed as director, nor shall a corporation that has resolved to enter into voluntary liquidation or in respect of which a winding up order has been issued.

(b) A person nominated to hold office as director to whom the provisions of subsection (A) apply shall disclose such to the entity appointing him.

**Duty of  
Notice**

**227A.** A director that no longer fulfils one of the requirements for office as a director under this Law or there is ground for expiration of his office as a director shall notify the company immediately, and his office shall expire on the date of the notice.

**Appendix G - Ms. Bareket Shani's declaration**

To:

**Unitronics (1989) (R”G) Ltd.**

**Declaration of Candidate for Office of Director in Public Company**

Under the Companies Law, 5759-1999 (the "**Law**")

I, the undersigned, *Bareket Shani*, ID number: 058136631, address: 20 Bazelet st. Shoham, hereby declare for the purpose of my appointment as a director in the company as follows:

1. None of the restrictions determined in Sections 225 to 227A of the Law on restriction on appointment of a minor, an incompetent person, bankruptcy, a restriction on appointment as a result of the commission of an offense, a conviction or a decision of the administrative enforcement committee – as these restrictions are drafted on the date of execution of this declaration, as set forth in **Appendix A** and constituting an integral part hereof, are satisfied in my case.
2. Pursuant to the provisions of the Law, I am considered to have a "personal interest" as defined in the Law, in transactions between the Company and myself and between the Company and any of my relatives and between the Company and corporations and entities in which I or any of my relatives are stakeholders (hereinafter, the "**Corporations**").
3. My activities within the scope of my office as an office holder of the Company, as long as they are carried out in good faith, as long as they are not connected to me or my relatives or the Corporations personally, are not considered to be acts amounting to a conflict of interest or competition with the business of the Company or usurpation of a business opportunity of the Company with the object of obtaining a benefit for myself or any other person (hereinafter, "**Breach of Trust**") and do not harm the best interest of the Company, just because me or my relatives are stakeholders in the Corporations.
4. Where I to believe, according to my best knowledge, that an activity within the scope of my office as office holder of the Company is connected to me or my relatives or the Corporations personally, and also were the Company to enter into an exceptional transaction and/or an ordinary transaction connected to me or my relatives or the Corporations personally and it came to my knowledge – I shall notify the audit committee and/or the board of directors, as the case may be, of my personal interest, if the activity and/or transaction is presented for their approval, or to an entity and/or forum reaching a decision with respect to the act or approving the transaction, if the activity and/or transaction is not presented for the approval of the board of directors at the beginning of the deliberation on the activity and/or the transaction and I shall not be present at the meeting at the time of the deliberation on the activity and/or the

transaction; however, I may be entitled to participate at the beginning of the meeting for the purpose of passing on information only.

5. I possess all the skills required and the capacity to devote the appropriate time to perform my position as director of the Company, with attention *inter alia* to the special needs and size of the Company, based on the skills listed below:

**Education**

*BSC, Industrial Engineering and Management, Thecnion.*

**Professional Experience**

*Deputy CEO and Chief Human Resources Officer of Unitronics (1989) (R"G) Ltd; Director of companies of Unitronics Group.*

6. Likewise, I undertake that if any of the conditions required under the Law for my office as director of the Company cease to exist in my case, or if a ground for the expiration of my office as director of the Company exists in my case, I shall notify the Company thereof immediately and my office shall expire from the date of notification as stated in Section 227A of the Law (as set forth in Appendix A). I know that pursuant to Section 234 of the Law, a breach of such duty of notification shall be deemed a Breach of Trust on my part to the Company.
7. After having closely read and understood all that stated above, I declare that all that stated above is the truth and that I am fully aware of all my obligations and rights under the Law and Regulations.

Bareket Shani

August 30, 2016

( - )

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

## **Appendix A**

### **Articles 225-227A of the Companies Law, 5759-1999**

#### **Duty of Disclosure**

**225. (a)** A person who is a candidate to hold office as a director shall disclose to the person appointing him:

(1) whether he has been convicted by a conclusive judgment of an offense referred to in section 226(a) and not yet passed the period in which he should not serve as a director under section 226;

(2) whether he has been convicted by a conclusive judgment of an offense referred to in section 226(a1) and not yet passed the period set by the court under that subsection;

(3) whether the Administrative Enforcement Committee imposed on him enforcement measure which prohibits him to serve as a director in any public company, and not yet passed the period set by the Administrative Enforcement Committee.

**(b)** In this section:

"enforcement measure" – as stated in section 52NF to the Securities Law which imposed under chapter H4 to the Securities Law, under chapter G2 to the Investment Advice and Investment Portfolio Management Law, 1995, or under chapter J1 to the Joint Investment Trust Law, 1994, as applicable;

"Administrative Enforcement Committee" - the committee appointed under section 52LB(a) to the Securities Law;

"Conclusive judgment" – judgment of a court of the first instance

#### **Restriction on Appointment Due to Conviction**

**226. (a)** A person convicted by a conclusive judgment of one of the following offenses shall not hold office as a Director in a public company unless five years have passed from the date on which the judgment by which he was convicted was given:

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

(2) A conviction by a court outside Israel for offenses of bribery, deceit, offenses by managers of a corporate body or offenses involving misuse of inside information;

(3) (deleted)

**(a1)** A person convicted by a conclusive judgment, as it is defined in section 225(b), in an offense that was not mentioned in subsection (a), if the court determined that due to its nature, severity or circumstances he is not fit to serve as a director of public company for the period that the court determined which shall not exceed five years from the judgment.

**(b)** The court may determine, at the date of the conviction or thereafter, on the application of a person interested in being appointed as a director, that

despite his conviction of offenses as laid down in subsections (a), and taking into account, inter alia, the circumstances in which the offense took place, such person is not precluded from holding office as director of a public company, or the period in which he is precluded from holding office as director of public company or a private company which is a Debenture Company will be shorter than five years.

(c) The Minister may prescribe additional offenses to those laid down in subsection (a)(1).

(d) The court, or a court of appeal – if one was submitted, may order a stay of execution regarding the limitations of the appointment or termination of office under this section at the date and on such terms as it deems fit.

**Restriction on  
Appointment  
Due to  
Administrative  
Enforcement  
Committee  
decision**

**226A.** If the Administrative Enforcement Committee has imposed an enforcement measure on a person, which precludes him from holding office as director of a public company, such person shall not be appointed as a director of a company in which he is prohibited to serve as a director according to this measure; in this section “enforcement measure” and “Administrative Enforcement Committee” – as defined in section 225(b).

**Limitation of  
Appointment**

**227. (a)** A minor, a legally incompetent person, a person who has been declared bankrupt as long as such person remains undischarged, shall not be appointed as director, nor shall a corporation that has resolved to enter into voluntary liquidation or in respect of which a winding up order has been issued.

(b) A person nominated to hold office as director to whom the provisions of subsection (A) apply shall disclose such to the entity appointing him.

**Duty of  
Notice**

**227A.** A director that no longer fulfils one of the requirements for office as a director under this Law or there is ground for expiration of his office as a director shall notify the company immediately, and his office shall expire on the date of the notice.

## **Appendix H - Amendment of the compensation policy**

**Unitronics (1989) (R"G) Ltd. (hereinafter – "the Company")**

**Officers Compensation Policy 2016**

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## 1. Purposes of Compensation Policy Document

This document, dealing with the Compensation Policy for officers of the Company, in accordance with ~~Amendment No. 20 of~~ the Companies Law ("Compensation Policy"), sets out the Company's policy with respect to the terms of service and employment of its officers, including the compensation amount, the compensation components, the compensation determination method, the distinction made between the compensation of the Company's CEO and/or the Chairman of the Board and/or a controlling-shareholder officer or his relative and the Company's other officers, etc.

## 2. Definitions

The terms contained in this Compensation ~~Policy Document~~PolicyDocument will have the meaning given them in the Companies Law and in the regulations made pursuant thereto, unless and to the extent that they are explicitly defined otherwise in this document, including the following terms:

**"Approving Entity"** – The entity or entities designated from time to time in the Companies Law as authorized to approve the terms of service and employment of any officers, as the case may be, based on the substance of the specific conditions and the identity of the specific officer.

**"Company"** – Unitronics (1989) (R"G) Ltd.

**"Board of Directors"** – The Board of Directors of the Company.

**"Compensation Committee"** – The Audit and Compensation Committee sitting as the Compensation Committee of the Company, and if there is no such combined committee, then the Compensation Committee of the Company alone.

**"Chairman of the Board"** – The Chairman of the Board of Directors of the Company.

**"CEO"** – The Chief Executive Officer of the Company.

**"Companies Law"** – The Companies Law, 5759-1999, and the regulations made pursuant thereto, as amended from time to time, including also directives as issued from time to time by the Israel Securities Authority and any other authority that is competent under any law to determine the manner of interpretation and/or implementation of the provisions of laws and regulations.

~~**"Amendment No. 20"** – The Companies Law (Amendment No. 20), 5773-2012.~~

**"salary" or "basic salary" or "compensation"** – The fixed component in an officer's terms of service and employment, comprising the basic salary or the compensation (gross) set in the employment or service agreement (as applicable) between the Company and the officer, but excluding any bonus and/or grant and/or equity-based compensation and/or other variable components, and excluding insurance, indemnification and exemption, all in accordance with the provisions of the Compensation Policy.

**"fringe benefits"** – An officer's terms of service and employment (excluding salary or compensation, as applicable, and bonus) which are regulated by law and/or in the employment agreement between him and the Company, including: (1) conditions defined in the law, such as National Insurance contributions, health tax, pension savings, vacation

<p>days, sickness days, prior notice, convalescence pay, etc.; and (2) generally accepted conditions in Israel, such as a company car, reimbursement of travel expenses, mobile phone and/or laptop computer, subsistence expenses, reimbursement of expenses, study fund and any other benefit approved by the Approving Entities, granted in connection with the officer's service at the Company and not included in another definition above or below, all in accordance with the provisions of any specific employment agreement signed between the Company and the officer, and all in accordance with the Compensation Policy.</p>
<p><b>"bonus" and/or "grant" and/or "variable compensation"</b> – The variable component in an officer's terms of service and employment, including one-time components and/or components derived from defined (qualitative and/or quantitative) criteria that are conditional on compliance therewith based on the parameters defined therein, such as actual performance of the officer and/or the Company, period of employment, etc., all in accordance with the provisions of the Compensation Policy.</p>
<p><b>"option"</b> – An undertaking that confers on the purchaser thereof a right to buy or sell the underlying asset at the exercise price, or to receive the difference between the exercise price and the value of the underlying asset, all at the times and terms specified in the option.</p>
<p><b>"Zviran Survey" or "Zviran"</b> – A salary and benefits survey, including a senior management survey, based on salary data collected in Israel's technology sector and including more than 100,000 employees in more than 250 companies in the high-tech, technology and information-system sectors, providing comprehensive and up-to-date information on terms of service and employment, including: salaries, fringe benefits, bonuses and benefits. The companies included in the sample are classified according to the following criteria: size (number of employees), ownership (private or public company) and company's status (Israeli company or a subsidiary of an international company). The survey shows a weighted average <del>to</del><u>for</u> each of these criteria separately, and <del>–for</del> for each component separately (fixed, variable and inclusive)). This sample is published by Zviran Consulting and Surveys Ltd. and updated twice a year.</p>
<p><b>"Zviran <del>Average</del>" – average</b><u><b>Average</b></u> – <u>Average</u> value of <del>the officers</del><u>an officer's</u> compensation, calculated by the Company on the basis of Zviran data regarding matching companies to the Company in terms of values of the <del>–tested</del> criteria (size <del>–</del> 150-500 employees, ownership <del>–</del> public and <del>Status – Israel</del><u>status – Israeli</u>).</p>
<p><b><u>"Net profit"</u></b> – <u>Profit after tax in the Company's consolidated Profit or loss statement.</u></p>

The Compensation Policy is written in the masculine gender for reasons of convenience only; its contents apply equally to women and men, without any difference or distinction.

### 3. Compensation Policy – general

~~3.1—The Company's Compensation Policy was first approved by the General Meeting of the Company's shareholders in December 2013 (following its approval by the Compensation Committee and by the Board of Directors), and it was revised in May 2016. In accordance with the provisions of Amendment No. 20, on November 22, 2012 the Board of Directors set up a Compensation Committee which was tasked with performing the functions assigned to it in the Companies Law, and *inter alia* recommending to the Board of Directors a Compensation Policy for officers of the Company.~~

~~3.23.1 On October 23, 2013, after accepting the recommendation of which require the compensation policy of a company to be approved every three years, in August 2016 the Compensation Committee, and the Board of Directors adopted a resolution approving~~ reviewed the Company's Compensation Policy for Company officers for a period of three years commencing on the date of approval of the ~~and approved it in this version, and they also recommended to the General Meeting of the Company's shareholders to approve this Compensation Policy by the General Meeting. On November 17, 2013, after receiving the recommendation of the Compensation Committee, the Board decided to adopt certain changes in the Compensation Policy, which are detailed in the current version.~~

~~3.33.2~~ Starting from the date of re-approval of the Compensation Policy by the General Meeting, the terms of service and employment of Company officers will be determined and approved in accordance with the Compensation Policy and the provisions of the Companies Law, subject to the exceptions specified in the Companies Law.

~~3.43.3~~ Although, as stated, the Compensation Policy requires the approval of the General Meeting, nevertheless, should the General Meeting oppose the approval of the Compensation Policy, wholly or partly, the Board of Directors may determine the Compensation Policy without the approval of the General Meeting, provided the Compensation Committee and thereafter the Board of Directors have reviewed the Compensation Policy and decided, based on detailed reasons, that the approval of the Compensation Policy in spite of the opposition of the General Meeting is to the Company's benefit.

~~3.53.4~~ The Compensation Policy was formulated and revised in an orderly internal process, so as to realize, on the one hand, the Company's wish to compensate its officers for their success in achieving the Company's objectives, retain them over the long term and increase their sense of identification by creating a common interest, while ensuring, on the other hand, that the compensation according to the policy benefits the Company and its shareholders and accords with the Company's organization-wide strategy. To ensure that the foregoing is fulfilled, the Board of ~~Directors established~~ Directors established guiding principles for the implementation of the Compensation Policy through various mechanisms and tools, all as set out hereinafter in this document.

~~3.63.5~~ The Compensation Policy is an advanced tool, based on targets and measures derived, *inter alia*, from the Company's annual and multiannual work plans.

~~3.73.6~~ The Company will act in accordance with any present or future statutory provision relating to its Compensation Policy and/or to the terms of service and employment of its officers.

~~3.83.7~~ Deviations from the Compensation Policy, if and to the extent they are necessary, may be made according to the mechanisms established in the Companies Law. If an officer is granted terms of service and employment that are inferior to those set out in this Compensation Policy, this will not be considered a deviation or divergence from the Company's Compensation Policy, and such terms of service and employment will not require approval for that reason, apart from the approval of the Approving Entity, to the extent that such approval is required for terms of service and employment in deviation from a Compensation Policy.

~~3.93.8~~ Updates to the Compensation Policy will be examined, discussed and approved by the Approving Entities in accordance with the provisions of the Companies Law. In

addition to the areas of responsibility of the Approving Entities in connection with the Compensation Policy, as set out below, maintaining the currency of the Compensation Policy is also the responsibility of the Company's Vice President of Human Resources.

~~3.10~~<sup>3.9</sup> It is clarified that this document does not in and of itself confer any right on officers and/or any other third party, explicitly or implicitly, and it may not be used in the interpretation of agreements or other legal documents, even if they deal with the terms of service and employment of officers.

#### 4. Compensation Policy formulation, revision and approval process

The following are the entities that participate in the formulation, revision and approval of the Compensation Policy:

- 4.1 **Compensation Committee**: The Compensation Committee gives the Board of Directors its recommendation regarding the approval of the officers' Compensation Policy. ~~Details of the~~<sup>The</sup> functions and powers of the Compensation Committee are set out in Section 118B of the Companies Law and hereinafter in this document.
- 4.2 **Board of Directors**: The Board of Directors approves the Compensation Policy and considers from time to time the need to update it. Details of the functions and responsibilities of the Board of Directors in connection with the Compensation Policy, in addition to those established in the Companies Law, are set out in Section 6 below.
- 4.3 **General Meeting**: Approves the Compensation Policy in accordance with the provisions of the Companies Law, subject to the qualification referred to in Section ~~3.4~~<sup>3</sup> above.
- 4.4 **General**: Any other, different or additional entity defined from time to time in the Companies Law as an Approving Entity. In addition, the Board of Directors and/or the Compensation Committee will turn to external advisers, as they see fit, for assistance in the formulation/revision of the Compensation Policy as well as with respect to oversight and control over its actual implementation.

#### 5. Purposes of Compensation Policy

The purpose of the Compensation Policy is to help the Company advance its goals, work plans and policies in the long term, while striving to achieve the following objectives:

- 5.1 Recruitment and retention of quality personnel, in order to help the Company achieve its objectives.
- 5.2 Enhancing the motivation of Company officers, by creating a correlation between their personal success and the Company's success in achieving its objectives.
- 5.3 Improving the balance between the fixed and variable compensation components, as well as between the long-term and the short-term compensation components.
- 5.4 Setting benchmark ranges for the terms of service and employment of Company officers, both in comparison with standard terms of service and employment in the market and in comparison with the average salary of the Company's other employees.

- 5.5 Increasing the involvement of the Company's shareholders in determining the terms of service and employment of Company officers.

## 6. Oversight and Control of Officers' Compensation

- 6.1 The Board of Directors is in charge of the management and implementation of the Compensation Policy as well as all the activities required for this purpose, including the authority to interpret the provisions of the Compensation Policy, as necessary, also but not only in case of a doubt regarding the manner of its implementation. Without derogating from the above, the Approving Entities will examine the degree of compliance with the criteria (benchmarks) set in the Compensation Policy, prior to the approval of terms of service and employment for a Company officer, taking into account the data presented to them by the Company's management.
- 6.2 The Board of Directors will discuss and decide on the manner of supervision of the proper implementation of the Compensation Policy, in order to ~~ascertain that~~~~ascertain that~~ the officers' terms of service and employment accord with the Compensation Policy, while maintaining consistency between the Compensation Policy and the Company's annual and multiannual work plans and its budget. Among other things, the Board of Directors will establish rules for control, reporting and correction of deviations, if any, from the Compensation Policy.
- 6.3 The Board of Directors will review the Compensation Policy periodically, and at least once a year shortly before the date of approval of the Company's financial statements, as detailed in Section 6.4 below, with respect to the officers' performance level and compliance with predetermined targets, with respect to the conformance of the terms of service and employment actually granted by the Company to the benchmarks and other criteria set in this Compensation Policy, and with respect to the Company's risk level, and it will update the Compensation Policy (should it consider this necessary) after receiving the Compensation Committee's recommendation and subject to the approval of the General Meeting, insofar as required by the Companies Law.
- 6.4 Shortly before the date of approval of the Company's annual financial statements, ~~beginning in the year in which the Compensation Policy has been approved,~~ the Compensation Committee and the Board of Directors will discuss the implementation of the Compensation Policy in the relevant year and consider, *inter alia*, the ~~measures~~~~measurements~~ underlying the compensation targets pursuant to the policy, as presented by the Company's management.
- 6.5 As part of the process of approval by the Board of Directors of each annual and multiannual work plan of the Company, including their various components, the Board of Directors will consider whether the Company's work plans and budget are consistent with its existing Compensation Policy.

## 7. Board of Directors' guiding principles for implementing the Compensation Policy

The Board of ~~Directors'~~~~guiding~~~~Directors'~~~~guiding~~ principles for implementing the Compensation Policy are intended to ensure a proper balance between the wish to incentivize and retain officers in the Company and the requirement that the Compensation Policy benefit the Company and its shareholders and accord with the Company's work plans and its organization-wide strategy.

In accordance with the Board of Directors' resolution, the Compensation Policy will not be implemented in a manner liable to create incentives for taking risks that deviate from the Company's risk policy, as determined from time to time by the competent organs.

Therefore, whenever the Company's management and the Approving Entities engage in implementing the Compensation Policy, their decisions will be guided, *inter alia*, by the following ~~principles~~considerations:

- 7.1 Conformance between the Compensation Policy and the Company's financial position and long-term goals – The Compensation Policy includes budget limitations as well as personal caps for officers, to which the Approving Entities must strictly adhere when considering and approving an officer's terms of service and employment. Any deviation from any or all of the provisions of the Compensation Policy is subject to the conditions set forth in Section 7.7 below.
- 7.2 Conformance between the Compensation Policy and compliance with targets – Implementation of the Compensation Policy must reflect the officer's contribution, within the organizational unit in which he operates, to the Company's operations and results. The compensation targets included in the Compensation Policy are classified at two levels within the Company: (a) quantitative targets connected with the organizational unit in which the officer is employed at the Company and/or with the Company as a whole; (b) qualitative targets connected with the officer himself and his functioning.
- 7.3 Connection between an officer's compensation and the Company's business results – The terms of service and employment of Company officers will be affected, among other factors, by the Company's business results and by each officer's contribution to the achievement of those results. The higher up an officer is in the managerial hierarchy, the greater the impact the Company's business results and his personal contribution to the achievement of those results will have on the amount of his compensation. Accordingly, the higher an officer's ranking in the managerial hierarchy, the greater the weight of the variable compensation components (to the extent there are any such in the officer's terms of service and employment) will be within the terms of service and employment of that officer.
- 7.4 Quantitative criteria – The Compensation Policy establishes quantitative criteria for examining an officer's performance in terms of compliance with different performance levels. These criteria must be reflected within the framework of the implementation of the Compensation Policy.
- 7.5 Qualitative criteria – The Compensation Policy establishes, in addition to financial criteria, qualitative criteria for examining an officer's performance also with respect to non-financial criteria. These criteria as well must be reflected within the framework of the implementation of the Compensation Policy. Such qualitative criteria will be applied, *inter alia*, on the basis of recommendations by the CEO to the appropriate organs of the Company to approve, subject to any law: (a) the grant of bonuses classified as short-term variable compensation plans within the framework of the qualitative components ("~~manager's~~CEO's evaluation"); and (b) the grant of a special bonus, all the above as detailed in Sections ~~15-16-17~~ below.
- 7.6 Balancing between the quantitative criteria and the qualitative criteria – In implementing the Compensation Policy, the Company must strive to achieve an appropriate balance between the variable components and the fixed components of the officers' terms of service and employment, giving the appropriate relative



weight to the quantitative criteria, on the one hand, and the qualitative criteria, on the other.

- 7.7 Components designed to allow managerial flexibility in response to exceptional circumstances – The Compensation Policy includes definitions that allow the Approving Entities managerial flexibility when acting within the framework of the policy, as well as the possibility of deviating from any or all of the provisions of the policy, in "special cases,"<sup>1</sup> based on considerations of the Company's good, in accordance with the provisions of the Companies Law. Where approval is given for compensation not in accordance with the Compensation Policy, the Approving Entities will nevertheless examine all the considerations and criteria set out in this document and those obligated by the Companies Law.

## **8. Effect of the Company's size and the nature of its activity on officers' compensation**

In formulating and revising the Compensation Policy, the Compensation Committee and the Board of Directors considered, among other things, the effect of the Company's size as well as the areas in which it operates and the scope of its operations on the Compensation Policy, relative to the Zviran Survey – a salary survey in Israel's technology sector in which the Company also participates. A comparison between the compensation components at the Company and the compensation components, according to the Zviran Survey, at companies which are similar to the Company in terms of size (150-500 employees), ownership (public) and status (Israeli company) (the comparison is based on the Zviran Survey, as discussed in Section 11.6 below), the compensation components detailed in this Compensation Policy Document for officers of the Company are appropriate, fair and reasonable. A similar ad-hoc examination will be performed for the terms of service and employment actually granted to each Company officer, prior to signing an agreement with him and from time to time at intervals to be determined.

In addition, if and to the extent that the scope of operations of the Company and/or its areas of operation change significantly, the Compensation Committee and the Board of Directors will examine the effect of such change on the terms, criteria and benchmarks set in this Compensation Policy Document, and, if necessary, will act to have it updated in accordance with the provisions of the Companies Law.

## **9. Ratio between officers' compensation and compensation of the Company's other employees**

The Company sees great importance in maintaining reasonable and fair differences between the compensation paid to Company officers and the compensation paid to non-officer employees.

The Compensation Committee and the Board of Directors examined the ratio between the existing terms of service and employment of officers and the existing average and median salary of the Company's other employees, as well as the ratio between the existing terms of service and employment of officers and the average and median current cost of employment of the Company's other employees. Based on this examination and

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<sup>1</sup> -Special cases can include exceptional qualifications of the officer, retention of an especially high-quality officer by the Company, exceptional achievements of an officer, and any other special circumstances determined by the Approving Entities to constitute a special case in this regard, based on reasons that will be set out in every such decision.

considering the Company's nature, size and areas of operation, they found that this ratio is fair and reasonable and has no significantly adverse effect on labor relations at the Company. A similar ad-hoc examination will be performed for the terms of service and employment actually granted to each Company officer, prior to signing an agreement with him and from time to time at intervals to be determined.

In addition, for the purpose of maintaining such a fair and reasonable ratio, the Compensation Committee and the Board of Directors will examine from time to time, and at least once a year, the changes in this ratio. If it is found that the ratio is not fair and reasonable, *inter alia* considering the existing ratio at other public companies traded on the Tel Aviv Stock Exchange which are similar to the Company in terms of size, scope of operations and areas of operation, the Compensation Committee and the Board of Directors will consider how and by what means this ratio can again be made fair and reasonable, all in accordance with the provisions of any law.

### **The ratio between cost of the terms of service and employment of officers and other employees of the Company**

~~This ratio~~ An examination will be ~~calculated in relation to~~ made of the ratio between the terms of service and employment (annual cost<sup>2</sup>) of each of the senior officers employed in that period by the Company, and the cost of the annual average and median salary of the Company's other employees (apart from officers) employed by the Company in the same period.<sup>3</sup> The following table presents the ratio in 2012:2015 between the annual cost of the terms of service and employment of the five highest paid senior officers of the Company or a corporation controlled by it in that year, and the cost of the annual average and median salary of the Company's other employees (apart from officers):

Name	Position	Percentage of Position	Cost of Salary (NIS Thou.)	Variable Compensation	Total Cost (NIS Thou.)	Ratio to Cost of Median Salary at the Company	Ratio to Cost of Average Salary at the Company
Haim Shani <sup>4</sup>	CEO and Chairman of the Board <sup>5</sup>	100%	1,256,243	104,894	1,360,137	6.210.29	5.769.59
Yair Goldberg	CEO of a US subsidiary	100%	863	194	1,057	5.09	4.74
Amit Harari	VP and Products Division Manager	100%	582,618	145,127	727,745	3.3258	3.0834
Moshe Naar	VP and Systems Division Manager	100%	647		647	2.96	2.74
Bareket Shani <sup>6</sup>	Director <sup>7</sup> , Deputy Chief Executive Officer and VP of Human Resources	100%	663,709	-	663,709	3.0341	2.813.18
Amir Anchel	VP and Budget Director	100%	616		616	2.82	2.61
Yair ItseovichGabriel Badusa	Chief Financial Officer	100%	553,631	-	553,631	2.533.04	2.3483
Eyal Saban <sup>8</sup>	Vice-President		404		404	2.48	2.30

<sup>2</sup> — If the officer was employed for part of the year, this ratio will be based on the adjusted calculation for the full year (12 months)

<sup>3</sup> — If the employee was employed for part of the year, this ratio will be based on the adjusted calculation for the full year (12 months)

<sup>4</sup> ~~The Company's~~ Joint controlling shareholder of the Company.

<sup>5</sup> ~~Without~~ Up to May 18, 2016, without compensation for the performance of -his duties as Chairman of the Board ~~of Directors -~~; since that date he serves as Chief Executive Officer only.

<sup>6</sup> The wife of Mr. Haim Shani, ~~the Company's~~ joint controlling shareholder of the Company.

<sup>7</sup> ~~Without~~ compensation for the performance of her duties as a Director



	Other Directors		256273	-	256273	-		-
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## 10. Officer compensation components – general

10.1 The main components included (wholly or partly) in the terms of service and employment of Company officers are as follows:

- Fixed basic salary – The basic salary reflects, on the one hand, the requirements of the officer's position and his responsibilities, and, on the other hand, his qualifications, education and professional experience.
- Fringe benefits – Some of the fringe benefits are obligated by law and some are voluntary and granted in accordance with accepted practice in the labor market for officers of a similar level of seniority, with the aim of increasing the officer's motivation and to reflect the requirements and responsibilities of the position as well as the officer's qualifications, education and professional experience. The fringe benefit components are detailed in the definitions in Section 2 of this document, and the details of the terms granted in connection with each component are detailed hereinafter in this document.
- Bonus and/or grant – This variable component is derived from defined (qualitative and/or quantitative) criteria, and varies according to the changes defined in them, such as actual performance of the officer and/or the Company, period of employment, etc. Its purpose is to compensate the officer for his efforts, achievements and contribution to the achievement of the Company's objectives, in direct proportion to his success in meeting the targets defined for him.
- Equity-based compensation – As set out in Section 23 below.

10.2 Whenever the Approving Entities are required to discuss and approve the terms of service and employment of a Company officer, all the proposed terms of service and employment for the officer will be presented to them, particularly those detailed in Sections 11-21 below, together with a comparison of each of them to the relevant benchmark. In the discussion, the Approving Entities will take into account all the terms and conditions, provisions, criteria and benchmarks detailed in this Compensation ~~Policy Document~~PolicyDocument, referring also to the updated Zviran measure as of then, including compliance with salary ranges, fringe benefits and variable components of the terms of service and employment, the ratio between the officer's terms of service and employment and those of the Company's other employees, the officer's education, qualifications, expertise, achievements, position and responsibilities, etc.

10.3 Any payment of a bonus or grant made, if at all, to a Company officer in accordance with the Compensation Policy, is not and shall not be deemed in any respect a part of the officer's fixed basic salary, -it will not be taken into the account of the entitlement to and/or the calculation and/or accrual of any fringe benefit. Accordingly, without derogating from the generality of the foregoing, it will not serve as a component in the calculation of entitlement to vacation pay, severance pay (insofar as the officer is entitled thereto), contributions to provident and/or

<sup>8</sup> ~~Mr. Eyal Saban provides consulting services to the Company through a company owned by him, and against a monthly management fee.~~

pension funds, etc, unless and to the extent that the governing labor laws obligate otherwise.

#### 10.4 Ratio between officer compensation components

The desirable ratios between the variable and equity compensation components and fixed component of the –Company officers for a given year is shown in the following table:

Ranking	Fixed compensation including fringe benefits	Variable compensation		Equity-based compensation
		Qualitative component	Measurable component	
<u>Non-officer Chairman of the Board<sup>9</sup></u>	<u>100%</u>	<u>-*</u>	<u>-*</u>	<u>-</u>
CEO	100%	100%	400%	50%
VP and/or another officer	-100%	75%	300%	50%
Directors	100%	-	-	-

\* The compensation of a non-officer Chairman of the Board does not include a variable component and is up to 55% of the cost of the CEO's salary (see details in Section 24.3 below); the CEO's salary includes a variable component (see details in Section 18 below).

#### 10.5 Current Company officer compensation components compared to average data according to Zviran

The ratio between the scope of remuneration of Company officers in ~~2012~~2015 and the compensation components for officers in corresponding positions in similar companies according to the criteria of size (150-500 employees), ownership (public company) and status (Israeli company) according to the Zviran data for September ~~2012~~2015, was calculated in the following manner:

% fixed salary to Zviran average (\*) =  $\frac{\text{Officer's fixed salary paid by the Company}}{\text{Zviran's Zviran Average of fixed salary}}$

% variable compensation to Zviran average =  $\frac{\text{Officer's variable compensation paid by the Company}}{\text{Zviran's Zviran Average of variable compensation}}$

% total compensation to Zviran average =  $\frac{\text{Officer's total compensation paid by the Company}}{\text{Zviran's average Zviran Average of total compensation}}$

The ratio (in percentage) between the salary of the –Company's officers for ~~2012~~2015 and –Zviran– averages for various components to corresponding positions in similar companies, based on a Zviran survey for September ~~2012~~2015, is presented in the table below, the table also lists the Zviran average values of September ~~2012~~2015 to equivalent positions in similar companies:

<sup>9</sup>The terms of office and service of the Chairman of the Board do not include any fringe benefits, apart from reimbursement of expenses under Section 13.4 below.

Component	Fixed <del>Salary</del> salary or compensation		Variable compensation		Total compensation	
Officer	Ratio (%)	Zviran Average	Ratio (%)	Zviran Average	Ratio (%)	Zviran Average
<del>CEO and</del> Chairman of the Board <del>(**)</del> <del>(***)</del>	<del>82</del> 70%	<del>94</del> 67	<del>31</del> %	<del>33</del> 1	70%	<del>12</del> 67
<del>VP and Products Division Manager</del> CEO	<del>74</del> 70%	<del>51</del> 49	<del>109</del> 99%	<del>132</del> 448	<del>81</del> 96%	<del>62</del> 186
VP and <del>Systems</del> Products Division Manager	<del>89</del> 47%	<del>51</del> 109	<del>0</del> 72%	<del>132</del> 178	<del>73</del> 50%	<del>62</del> 124
<del>CEO of a US subsidiary</del> Director, <del>Deputy CEO and VP Human Resources</del>	<del>97</del> 72%	<del>45</del> 100	<del>0</del> 109%	<del>75</del> 178	<del>85</del> 77%	<del>52</del> 115
<del>VP and Budget Director</del> CEO of an Israeli subsidiary	<del>77</del> 46%	<del>51</del> 100	<del>0</del> 23%	<del>132</del> 178	<del>64</del> 43%	<del>62</del> 115
<del>Director, Deputy CEO and VP Human Resources</del> CEO	<del>74</del> 82%	<del>52</del> 72	0%	<del>109</del> 123	<del>63</del> 71%	<del>61</del> 83
<del>VP</del> CEO	<del>62</del> 50%	<del>51</del> 105	0%	<del>132</del> 137	<del>51</del> 45%	<del>62</del> 117

(\*) May not exceed the limit set in Sections 11.6 and 12.6 for a non-CEO officer and/or a non-employee officer, respectively, ~~and~~ in Section 14.6 for an officer in the position of CEO and/or a controlling-shareholder officer and/or his relative, and in Section 24.3 for the Chairman of the Board.

(\*\*) Since the office of Chairman of the Board is not defined in the Zviran index, and since under Section 24.3 below the Chairman of the Board is entitled to annual compensation at a rate of up to 55% of the total annual cost of employment of the Company's CEO, with the addition of VAT if applicable, the compensation of this officer was compared to compensation amounting to 55% of the cost of a CEO's position according to the Zviran index.

(\*\*\*) Since in 2015 the Chairman of the Board also served as an officer of the Company, and therefore he was not paid any compensation for his position as Chairman of the Board, the comparison took into account 55% of the cost of employment of the Company's CEO in 2015.

## 11. Fixed compensation – salary of an employee officer (excluding the Company CEO and/or the Chairman of the Board and/or a controlling-shareholder officer or his relative and/or a Director

In determining the basic salary for an officer, the following factors will be taken into account:

- 11.1 The officer's education, qualifications, expertise, professional experience and achievements.
- 11.2 The officer's position and responsibilities, and prior salary agreements signed with him (if at all).
- 11.3 The ratio between an officer's terms of service and employment and the salary of the Company's other employees as well as the employees of subcontractors employed at the Company, particularly the ratio to the average salary and the median salary of such employees and the effect of the differences between them on labor relations at the Company (collectively in this section – the "data"). For the purpose of determining an officer's salary (whether with reference to new employment terms or an adjustment of existing employment terms), the data will be submitted to the approval of the Approving Entity, including for consideration, if necessary, of their reasonableness relative to the industry, relative to the officer's qualifications and relative to the challenges and difficulties involved in the position.
- 11.4 The officer's basic salary and the fringe benefits will be determined during the negotiations prior to hiring him for the position at the Company, which will be conducted by the CEO or whoever is authorized by him from time to time. Any change in an officer's terms of service and employment is subject in any case to the approval of the Approving Entity relevant to the nature of the change and the identity of the officer.

~~11.5 A contract with an officer may not exceed a period of three years, and must be submitted to the Approving Entity for approval of an extension of the officer's service in accordance with the requirements of the Companies Law.~~

~~11.6~~ 11.5 Market (benchmark) comparison – Fixed salary of an employee officer (excluding the Company CEO and/or a the Chairman of the Board and/or a controlling-shareholder officer or his relative and/or a director)

In addition to any examination that must be carried out by the Approving Entity prior to approving an officer's terms of service and employment, and in addition to any consideration that should be taken into account by that entity, as detailed in this Compensation ~~Policy Document~~ Policy Document and/or in the Companies Law, the ratio between the fixed basic salary of Company officers and the standard salary in the market will be maintained, as follows:

Market (benchmark) comparison—To determine a salary range for Company officers that conforms to the market standard and market terms, a comparison will be made between the fixed salary proposed for the officer and the Zviran's average ~~Zviran's average~~ of the salary for corresponding positions, ~~at companies~~ , at companies with similar characteristics as detailed above.

For the purpose of implementing the comparison, as detailed above, the salary of a Company officer will be determined such that it does not exceed by more than 40% the average updated Zviran Average of the salary ~~according to Zviran's~~ as of then (the fixed salary cap prescribed in this section ~~to for~~ an officer, calculated according to the Zviran average ~~Average~~ for September ~~2013, 2015~~, is in the range of NIS ~~6572~~ 78109 thousand per month according to the position), for a corresponding position in similar companies, based on criteria of size (150-500 employees), ownership (public company) and status (Israeli company).

## 12. Fixed compensation – ~~salary~~compensation of a non-employee officer

In determining the basic ~~salary~~compensation of a non-employee officer, the following factors will be taken into account:

- 12.1 The officer's education, qualifications, expertise, professional experience and achievements.
- 12.2 The officer's position and responsibilities, and prior salary agreements signed with him (if at all).
- 12.3 The ratio between the terms of service and employment of a non-employee officer and the salary of the Company's employees and service providers, particularly the ratio to the average salary and the median salary of such employees and service providers and the effect of the differences between them on labor relations at the Company (collectively in this section – the "data"). For the purpose of determining the consideration for the officer, the data will be submitted to the approval of the Approving Entity, including consideration, if necessary, of their reasonableness relative to the industry, relative to the officer's qualifications and relative to the challenges and difficulties involved in the position.
- 12.4 The consideration for the officer will be determined during the negotiations prior to contracting as a service provider to the Company, which will be conducted by the CEO or whoever is authorized by him from time to time. Any change in an officer's terms of service, ~~and any change in the agreement~~, is subject in any case to the approval of the Approving Entity relevant to the nature of the change and the identity of the officer.

~~12.5 A contract with a non-employee officer may not exceed a period of three years, and must be submitted to the Approving Entity for approval of an extension of the officer's service in accordance with the requirements of the Companies Law.~~

~~12.6~~12.5 Market (benchmark) comparison – Fixed ~~salary~~compensation of a non-employee officer (excluding the Company CEO and/or ~~the Chairman of the Board~~ and/or a controlling-shareholder officer or his relative and/or a director)

In addition to any examination that must be carried out by the Approving Entity prior to approving an officer's terms of service and employment, and in addition to any consideration that should be taken into account by that entity, as detailed in this Compensation ~~Policy Document~~Policy Document and/or in the Companies Law, the ratio between the consideration for a non-employee ~~officer~~ and officer and the standard salary in the market will be maintained, as follows:

Market (benchmark) comparison – To determine a ~~salary~~compensation range for ~~Company non-employee~~ officers that conforms to the market standard and conditions, a comparison will be made between the fixed salary or compensation proposed for the officer and the ~~Zviran's average~~Zviran Average (in cost terms) of a salary for corresponding positions, ~~at~~in companies with similar characteristics as detailed above.

For the purpose of implementing the comparison, as detailed above, the salary or compensation of a Company officer will be determined such that it does not exceed by more than 40% the updated ~~Zviran's average~~Zviran Average of the salary as of then (the fixed salary cap prescribed in this section ~~to~~for an officer, calculated

according to ~~the~~ Zviran ~~average~~Average for September ~~2013~~2015, is in the range of NIS ~~6572~~ to ~~78109~~ thousand per month according to the position), for a corresponding position in similar companies, based on criteria of size (150-500 employees), ownership (public company) and status (Israeli company), with the addition of the costs of employer's tax and social benefits as customary for employee officers.

An officer must undertake to transfer or to cause to be transferred to the appropriate authorities income tax payments, National Insurance contributions and any other tax and/or payment due in respect of the payments made to him by the Company.

An officer must undertake to the Company that if the court and/or another competent body determines that employer-employee relations existed between the officer and the Company, the Company's payments to the officer will be deemed to include all the payments to which the Company will be liable in respect of employer-employee relations.

An officer and the body employing him must indemnify the Company for any damage and/or costs incurred to the Company pursuant to a finding that employer-employee relations existed between the officer and the Company.

~~12.7~~12.6 At the time of the signature of the contract with him, a non-employee officer, like the Company's other employees, must give an undertaking on matters of confidentiality, transfer of intellectual property rights and IT policies as detailed in Section 13.16 below.

### **13. Officers' fringe benefits (excluding the Company CEO and/or ~~a~~ the Chairman of the Board and/or a controlling-shareholder officer or his relative and/or a director)**

In addition to any examination that must be carried out by the Approving Entity prior ~~to~~ ~~the~~to approval of an officer's terms of service and employment, and in addition to any consideration that must be taken into account by that entity, as detailed in this Compensation ~~Policy Document~~Policy Document and/or in the Companies Law, the Approving Entities must consider whether, and under what conditions, also to grant to officers all or any of the fringe benefits detailed in this section below or any other fringe benefits:

13.1 Prior notice – The prior notice period for an officer may not be less than the period required by law, and may not be more than six months, in the course of which the officer will undertake to actually continue providing services to the Company, unless the Company decides to release him from this obligation.

13.2 Severance grant – The Approving Entity may grant an officer a severance grant, in addition to the severance pay required by law, in an amount subject to the following limit:

<u>Employed up to 5 years at the Company</u>	<u>Employed 5 years or more at the Company</u>
6 months	12 months

Severance grants will be approved for an officer who has met all of the following conditions:

- He was employed by the Company for at least two years.
  - During the period of his employment he made a significant contribution to promoting the Company's business.
  - The officer is not leaving under circumstances that, in the Approving Entity's judgment, would justify withholding severance pay.
  - The Company CEO recommended the payment of a severance grant.
  - The inclusion of a clause in the employment agreement that guarantees the payment of a severance grant must be submitted to the approval of the Approving Entity prior to the signature of the agreement. For the avoidance of doubt, such a clause may not guarantee a severance grant that deviates from the above provisions. The severance grant will be paid upon the termination of employer-employee relations and will be limited to an amount equal to the number of months specified in the above table multiplied by the fixed salary of an employee officer (or the total monthly consideration of a non-employee officer), without any additional components.
  - The limit on the grant specified in the above table is the maximum limit that the Approving Entity is authorized to approve.
- 13.3 Non-competition – Each Company officer must undertake, when signing an employment agreement with the Company, not to compete with the Company during a period of no less than six months and no more than 36 months, in the Company's standard wording from time to time.
- 13.4 Reimbursement of expenses –Company officers are entitled to reimbursement of reasonable expenses actually incurred by them in the performance of their duties, both in and outside Israel, against the presentation of invoices and/or receipts to the Company in respect of those expenses, subject to limitations and in accordance with procedures as determined by the Company from time to time. Once a year the Board of Directors or whoever is appointed by it will examine the reasonableness of the costs borne by the Company pursuant to this subsection.
- 13.5 Annual vacation – Employee officers are entitled to annual vacation ranging from the minimum number of days specified in the law to a maximum of 30 days a year. The number of vacation days that may be accumulated will be no less than specified in the labor laws and no more than 30 days. Unused vacation days beyond this limit will be written off, without payment of any consideration to the officer, unless and to the extent that the employment agreement between the officer and the Company specifies otherwise and/or the law requires otherwise.
- 13.6 Sick leave –Employee officers may be absent from work due to sickness for a number of days in a year being no less than the number specified in the Sick Pay Law, 5736-1976. specified in the Sick Pay Law, 5736-1976. The Company may make the payment of sick pay conditional on the presentation of certificates in accordance with the provisions of any law.
- 13.7 Convalescence pay – Employee officers are entitled to convalescence pay as specified in the extension order concerning the payment of convalescence pay.
- 13.8 Pension savings— The Company will pay contributions to a pension provider (or several pension providers) or to a pension agent according to the written choice of each employee officer and in accordance with the provisions of any law governing the subject. The contributions will be on the officer's basic salary only, excluding any other compensation components.



The Company may condition payment of the contributions on the officer's agreement to deduct his share of the contributions from his salary.

The Company will insure employee officers for work disability, as part of their membership in a pension fund or as part of the insurance cover for officers insured under an executive insurance policy. The Company's contributions for work disability insurance will not exceed 2.5% of the salary of an employee officer.

Employee officers will be required to sign the wording of the Minister of Labor's general confirmation pursuant to Section 14 of the Severance Pay Law, 5723-1963 or any other or similar arrangement that may replace it, and the Company will pay the severance pay of employee officers into a pension fund or an executive insurance policy, according to the officers' choice with respect to contributions to pension insurance.

- 13.9 Study fund – The Company will contribute each month an amount equal to 7.5% of an employee officer's salary and deduct an additional 2.5% from his salary, and it will transfer these amounts to a study fund according to the officer's choice as notified by him in advance and in writing to the Company.
- 13.10 Car – The Company may place at the officers' disposal a car for use for their work, with all the car servicing and maintenance costs to be borne by the Company in accordance with its procedures. The Company will be entitled to gross up and pay the income tax due in respect of possession and use of the car.
- 13.11 Mobile phone and/or laptop computer – The Company will place at the officer's disposal a mobile phone and/or laptop computer for his personal use, according to the Company's choice. The officer will pay any tax that is due from him for the use of such phone and/or laptop.
- 13.12 Subsistence expenses – An officer is entitled to lunch at the Company's offices during work hours, and he will bear any tax payable on this benefit. The officer will be entitled to subsistence expenses also while traveling abroad on Company business, in accordance with the Company's procedures for all Company employees as in effect from time to time.
- 13.13 Continuing education programs and courses – The Company will bear the costs of continuing education programs and courses attended by its officers, according to its decision.
- 13.14 Overtime – Overtime will be paid in accordance with the law. Accordingly, some Company officers will be subject to the Hours of Work and Rest Law, 5711-1951, while others will not, since they are designated as "employees in management positions or in positions requiring a special degree of personal trust" as this term is defined in the Hours of Work and Rest Law, 5711-1951. Without derogating from the foregoing, the Company reserves the right to reach an agreement with an officer whose terms of employment are governed by the aforesaid law and who is required to do overtime, concerning the payment of a global monthly sum for overtime, instead of the payment of overtime on a daily or weekly basis.
- 13.15 Definition-dependent salary components – The Company may base a portion of the officer's salary on special components connected with the performance of specific tasks related to his area of responsibility, including payment based on shifts, on-call duty, etc.



- 13.16 Confidentiality, transfer of intellectual property rights, IT policies – When signing an employment agreement with the Company, each Company officer will commit to confidentiality, undertake to transfer to the Company all his rights in any developments and other intellectual property developed by him in the course of his employment by the Company, and agree to the Company's policies on the use of and access to the Company's IT systems, in the Company's standard wording from time to time.

#### **14. Fixed compensation – salary of the Company CEO and/or a controlling-shareholder officer or his relative (excluding the Chairman of the Board)**

In determining the salary of the CEO and/or a controlling-shareholder officer or his relative, (excluding the Chairman of the Board), the following factors will be taken into account:

- 14.1 His education, qualifications, expertise, professional experience and achievements.
- 14.2 His responsibilities and prior salary agreements signed with him (if at all).
- 14.3 The ratio between the terms of service and employment of the CEO and/or the controlling-shareholder officer or his relative (excluding the Chairman of the Board) and the salary of the Company's other employees as well as the employees of subcontractors employed at the Company, particularly the ratio to the average salary and the median salary of such employees and the effect of the differences between them on labor relations at the Company (collectively in this section – the "data"). For the purpose of determining the salary of the CEO and/or a controlling-shareholder officer or his relative (excluding the Chairman of the Board) (whether with reference to new employment terms or an adjustment of existing employment terms), the data will be submitted to the approval of the Approving Entity, including a reference, if necessary, to their reasonableness relative to the industry, relative to the officer's qualifications and relative to the challenges and difficulties involved in the position.
- 14.4 The ~~officer's~~ basic salary of the CEO and the fringe benefits/or of a controlling-shareholder officer or his relative (excluding the Chairman of the Board) will be determined during the negotiations ~~for hiring between him for the position at and the~~ Company, which will be conducted on behalf of the Company by the CEO or by the Board of Directors or by whoever is authorized by ~~him~~ limit from time to time. ~~Any change in an officer's terms of service and employment is subject in any case to the approval of the Approving Entity relevant to the nature of the change and the nature of the officer.~~
- 14.5 A contract with ~~an~~ the CEO and/or a controlling-shareholder officer or his relative (excluding the Chairman of the Board) may not exceed a period of three years, ~~and must be submitted to the Approving Entity for approval of an extension of the officer's service in accordance with the requirements of the Companies Law.~~
- 14.6 Market (benchmark) comparison – Fixed salary of the Company CEO and/or a controlling-shareholder officer or his relative (excluding the Chairman of the Board)

In addition to any examination that must be carried out by the Approving Entity prior to approving the terms of service and employment of the Company CEO

and/or a controlling-shareholder officer or his relative, and in addition to any consideration that should be taken into account by that entity, as detailed in this Compensation ~~Policy Document~~PolicyDocument and/or in the Companies Law, the ratio between the fixed basic salary of the Company CEO and/or a controlling-shareholder officer or his relative and the standard salary in the market will be maintained, as follows:

Market (benchmark) comparison – To determine a salary for the CEO and/or a controlling-shareholder officer or his relative that conforms to the market standard and conditions, a comparison will be made between the salary proposed for each of them and the ~~Zviran's average~~Zviran Average of a salary for corresponding positions, based on the Zviran Survey updated as of then. The salary of the CEO and/or of a controlling-shareholder officer or his relative will be determined such that it does not exceed by more than 40% the ~~Zviran's average~~Zviran Average of a salary according to similar companies, based on criteria of size (150-500 employees), ownership (public company) and status (Israeli company). ~~the fixed salary cap prescribed in this section for an officer is, calculated according to Zviran's average~~the Zviran Average for a CEO ~~as of September 2013~~2015, is NIS ~~129-149~~ thousand per month).

## 15. Fringe benefits of the Company CEO and/or a controlling-shareholder officer or his relative (excluding the Chairman of the Board)

In addition to any examination that must be carried out by the Approving Entity prior to the approval of the terms of service and employment of the CEO and/or a controlling-shareholder officer or his relative, (excluding the Chairman of the Board), and in addition to any consideration that must be taken into account by that entity, as detailed in this Compensation ~~Policy Document~~PolicyDocument and/or in the Companies Law, ~~the Approving Entities must consider whether, and under what conditions, also to grant to the CEO and/or a controlling-shareholder officer or his relative~~ (excluding the Chairman of the Board) all or any of the fringe benefits detailed in this section below:

- 15.1 Prior notice and termination of employment – The prior notice period for the CEO and/or for a controlling-shareholder officer or his relative (excluding the Chairman of the Board) may not be less than the period required by law, and may not be more than six months, in the course of which such officer will undertake to actually provide services to the Company, unless the Company decides to release him from this obligation. The termination of the employment of the Company CEO can be made subject to special conditions, ~~including a majority resolution of up to 75% of the members of the Company's Board of Directors.~~
- 15.2 Severance grant – The Approving Entity may grant the CEO and/or a controlling-shareholder officer or his relative (excluding the Chairman of the Board) a severance grant, in addition to the severance pay required by law, in an amount subject to the following limit:

<u>Employed up to 5 years at the Company</u>	<u>Employed 5 years or more at the Company</u>
6 months	12 months

Severance grants will be approved for an officer who has met all of the following conditions:

- He was employed by the Company for at least two years.
- During the period of his employment he made a significant contribution to promoting the Company's business.
- The officer is not leaving under circumstances that, in the Approving Entity's judgment, would justify withholding severance pay.
- The Company CEO (or the Chairman of the Board, in the case of a departing CEO) recommended the payment of a severance grant.
- The inclusion of a clause in the employment agreement that guarantees the payment of a severance grant to an officer must be submitted to the approval of the Approving Entity prior to the signature of the agreement. For the avoidance of doubt, such a clause may not guarantee a severance grant that deviates from the above provisions. The severance grant will be paid upon the termination of employer-employee relations and will be limited to an amount equal to the number of months specified in the above table multiplied by the fixed salary of the employee officer (or the total monthly consideration of a non-employee officer), without any additional components.
- The limit on the grant specified in the above table is the maximum limit that the Approving Entity is authorized to approve.

15.3 Non-competition – The CEO and/or a controlling-shareholder officer or his relative (excluding the Chairman of the Board) must undertake, when signing an employment agreement with the Company, not to compete with the Company during a period of no less than six months and no more than 36 months, in the Company's standard wording from time to time.

15.4 Reimbursement of expenses – The CEO and/or a controlling-shareholder officer or his relative are entitled to reimbursement of reasonable expenses actually incurred by them in the performance of their duties, both in and outside Israel, against the presentation of invoices and/or receipts to the Company in respect of those expenses, subject to limitations and in accordance with procedures as determined by the Company from time to time. Once a year the Board of Directors or whoever is appointed by it will examine the reasonableness of the costs borne by the Company pursuant to this subsection.

15.5 Annual vacation – The CEO and/or a controlling-shareholder officer or his relative (excluding the Chairman of the Board) are entitled to annual vacation ranging from the minimum number of days specified in the law to a maximum of 30 days a year. Vacation days may be accumulated during two years. Vacation days not utilized during said period of accumulation will be redeemed pro rata as salary and paid to the CEO and/or the controlling-shareholder officer or his relative- (excluding the Chairman of the Board).

15.6 Sick leave – The CEO and/or a controlling-shareholder officer or his relative (excluding the Chairman of the Board) may be absent from work due to sickness for a number of days in a year being no less than the number specified in the Sick Pay Law, 5736-1976, and no more than 30 days in a year, and receive full payment for these days. Sick days that were not utilized in a certain year will accumulate in the following years.

15.7 Convalescence pay – The CEO and/or a controlling-shareholder officer or his relative (excluding the Chairman of the Board) are entitled to convalescence pay as specified in the extension order concerning the payment of convalescence pay.

- 15.8 Pension savings – The Company will pay contributions to a pension provider (or several pension providers) or to a pension agent according to the written choice of the CEO and/or the controlling-shareholder officer or his relative (excluding the Chairman of the Board) and in accordance with the provisions of any law governing the subject. The contributions will be on the basic salary only of the CEO and/or the controlling-shareholder officer or his relative, (excluding the Chairman of the Board), excluding any other compensation components.

The Company may condition the payment of contributions for pension insurance on the agreement of the CEO and/or the controlling-shareholder officer or his relative (excluding the Chairman of the Board) to deduct his share of the contributions from his salary.

The Company will insure the CEO and/or the controlling-shareholder officer or his relative (excluding the Chairman of the Board) for work disability, as part of their membership in a pension fund or as part of the insurance cover for officers insured under an executive insurance policy. The Company's contributions for work disability insurance will not exceed 2.5% of the fixed salary of the CEO and/or the controlling shareholder officer or his relative.

The CEO and/or the controlling-shareholder officer or his relative (excluding the Chairman of the Board) will be required to sign the wording of the Minister of Labor's general confirmation pursuant to Section 14 of the Severance Pay Law, 5723-1963 or any other or similar arrangement that may replace it, and the Company will pay their severance pay into a pension fund or an executive insurance policy, according to their choice with respect to contributions to pension insurance.

- 15.9 Study fund – The Company will contribute each month an amount equal to 7.5% of the salary of the CEO and/or the controlling-shareholder officer or his relative (excluding the Chairman of the Board) and deduct an additional 2.5% from his salary, and it will transfer these amounts to a study fund according to the choice of the CEO and/or the controlling-shareholder officer or his relative, (excluding the Chairman of the Board), as notified by him in advance and in writing to the Company.

- 15.10 Car – The Company may place at the ~~officers'~~ disposal of the CEO and/or the controlling-shareholder officer or his relative (excluding the Chairman of the Board) a car for use for their work, with all the car servicing and maintenance costs to be borne by the Company in accordance with its procedures. The Company will be entitled to gross up and pay the income tax due in respect of possession and use of the car.

- 15.11 Mobile phone and/or laptop computer – The Company will place at the ~~officer's disposal~~ disposal of the CEO and/or the controlling-shareholder officer or his relative (excluding the Chairman of the Board) a mobile phone and/or laptop computer for his personal use, according to the Company's choice. ~~The officer~~ The CEO and/or the controlling-shareholder officer (excluding the Chairman of the Board) will pay any tax that is due from him for the use of such phone and/or laptop.

- 15.12 Subsistence expenses – The CEO and/or a controlling-shareholder officer or his relative (excluding the Chairman of the Board) is entitled to lunch at the Company's offices during work hours, and he will bear any tax payable on this benefit. The CEO and/or a controlling-shareholder officer or his relative (excluding the

Chairman of the Board) will be entitled to daily subsistence expenses also while traveling abroad on Company business, in accordance with the Company's procedures for all Company employees as in effect from time to time.

15.13 Continuing education programs and courses – The Company will bear the costs of continuing education programs and courses attended by the CEO or a controlling-shareholder officer or his relative, (excluding the Chairman of the Board), according to its decision.

15.14 Overtime – Overtime will be paid in accordance with the law. Since the CEO and/or a controlling-shareholder officer or his relative (excluding the Chairman of the Board) are designated as "employees in management positions or in positions requiring a special degree of personal trust" as this term is defined in the Hours of Work and Rest Law, 5711-1951, this law does not apply to them.

15.15 Definition-dependent salary components – The Company may base a portion of the salary of the CEO and/or a controlling-shareholder officer or his relative (excluding the Chairman of the Board) on special components connected with the performance of specific tasks related to his area of responsibility, including payment based on shifts, on-call duty, etc.

15.16 Confidentiality, transfer of intellectual property rights, IT policies –When signing an employment agreement with the Company, the CEO or a controlling-shareholder officer or his relative (excluding the Chairman of the Board) will commit to confidentiality, undertake to transfer to the Company all his rights in any developments and other intellectual property developed by him in the course of his employment by the Company, and agree to the Company's policies on the use of and access to the Company's IT systems, in the Company's standard wording from time to time.

## **16. Variable compensation – special bonus to officers, excluding a controlling-shareholder**

In addition to all the foregoing, the Approving Entities will consider whether, and under what conditions, also to pay officers (excluding s controlling- shareholder) a special bonus.

The considerations for paying an officer (excluding s controlling- shareholder) -a special bonus will include special effort, compliance with quality targets, retention of human capital and maintaining high motivation. The cap on the calendar annual special bonus for an officer (excluding s controlling- shareholder) –shall be the higher between (a) 20% of the officer's total annual variable compensation or (b) 3 times the officer's monthly salary——. The payment of a special bonus to an officer (excluding s controlling-shareholder) will be submitted to the approval of the Approving Entity, which, if necessary, will also consider the circumstances of the grant.

## **17. Variable compensation – bonus plan for officer excluding the Company CEO and/or the Chairman of the Board**

17.1 The mechanism for payment of an annual bonus and/or grant to officers excluding the CEO and/or the Chairman of the Board is determined based on one or more of the following components, compliance with which is examined on a yearly basis:

- a. Measurable components – Personal targets and/or targets of the organizational unit in which the officer is employed, as defined from time to time and for the specific officer by the Approving Entities, including but not limited to measures of profitability, return on equity, cash flow, sales targets, growth, EBIDTA, capital issues, business performance and/or a combination of one or more of these measures, or other measures.
  - b. ~~Non-measurable~~Nonmeasurable components – CEO's evaluation.
- 17.2 The amount of the bonus to which an officer is entitled will be determined with reference to his rate of compliance with the aforesaid targets, as determined in advance and approved by the Approving Entities, who will consider, *inter alia*, the impact of those targets on the Company's risk management policy. Said targets will be, to the extent possible, realistic and reasonable, so that the officer does not assume excessive risks with the aim of achieving those targets and earning a bonus.
- 17.3 The CEO's evaluations relates to subjective and quality measures, such as initiative, innovativeness, quality of management, loyalty to the organization, determination, personal advancement,, team work, human relations, additional tasks, etc., all subject to the CEO's judgment.
- 17.4 Bonus determination mechanism

The mechanism for calculation of the target-compliance bonus will be determined according to the following breakdown:

  - 17.4.1 ~~-80%~~ - 100% for at least two of the following financial targets according to the segment to which the officer belongs: volume of sales, gross profit, EBIDTA and segment result as calculated based on the Company's consolidated financial statements. A quantitative scale will be applied to each of the financial targets, as follows:
    - 17.4.1.1 Minimum performance threshold below which an officer will not earn a bonus.
    - 17.4.1.2 Maximum performance threshold within which the officer will earn a proportionate bonus and above which the officer's performance will be deemed exceptional and will earn him an addition bonus for a predetermined amount.
  - 17.4.2 Up to 20%~~-for~~ qualitative targets based on the CEO's evaluation, as discussed above.
- 17.5 Threshold condition for payment of a bonus – The Approving Entities may set minimum threshold conditions for the payment of a grant, based on one or more measurable financial components with respect to the Company's performance during the year for which the grant is to be paid.
- 17.6 Bonus approval process and / or the actual bonus - at the end of each year, the degree of the officer's compliance his personal goals that had been set to him, in advance ~~-and in goals of the sub- organizational~~ ~~-frame in which he is employed~~ and ~~a-CEOaCEO~~ evaluation shall be conducted. The ~~actual-grants~~actual grants be actual paid to officers, will be submitted to the approval of the Approving Entity, soon after the approval of the financial statements of the Company for the year for which the bonus is payable.



## 18. Variable compensation – bonus plan for the Company CEO

In addition to all the foregoing, the Approving Entities will consider whether, and under what conditions, also to pay the Company CEO a special bonus, based on targets or other conditions as detailed above and below, according to a fixed mechanism or on an ad hoc basis.

- 18.1 Without derogating from the generality of the foregoing, the Company CEO is entitled to an annual grant for each calendar year during which he is employed as Company CEO, within 30 days from the date of approval of the financial statements for any calendar ~~year by year~~ by the Board of Directors, at a rate ~~of~~ of the pretax profit for that year (cost to the Company), net of minority interests in respect of investee companies ("**bonus on profits**"). The rate of the bonus from the profit, as ~~approved by~~ approved by the Approving Entity shall not exceed 10%. The bonus on profits will be calculated for each year anew (and not cumulatively), without taking losses into account. The Company may pay the bonus fully from the Company itself or partly from the Company and partly from subsidiaries of the Company.
- 18.2 In case ~~that~~ the Company's CEO is also its controlling shareholder, any change in his fixed salary and/or a bonus is subject to the approval of the Approving Entity, in accordance with the provisions of the Companies Law, unless and to the extent that the Companies Regulations (Reliefs in Transactions with Interested Parties), 5760-2000 applies and/or in case of any other approval process applicable under any law.

## 19. Variable compensation – officers' bonus plan, including the Company CEO – Cap

In addition to any examination that must be carried out by the Approving Entity prior to approving a bonus for a Company officer, including the Company CEO, based on quantitative and/or qualitative components as detailed above and below, and in addition to any consideration that should be taken into account by that entity, as detailed in this Compensation ~~Policy Document~~ Policy Document and/or in the Companies Law, the amount of the variable compensation shall be limited as follows:

- 19.1 The total variable ~~compensations~~ compensation for ~~ana non-CEO~~ officer of the Company ~~who is not CEO~~ shall not exceed NIS 100 thousand per month ~~in a calendar year~~. The total variable ~~compensations~~ compensation for the CEO shall not exceed NIS 250 thousand per month in a calendar year.
- 19.2 In a bonus plan linked to the Company's net profit, and in a year in which an exceptional net profit is recorded amounting to NIS 10 million and up, 10% of the amount beyond a net profit of NIS 10 million will be added to the aforesaid annual compensation cap.

## 20. Variable compensation – limitation and reduction

- 20.1 Limitation on the variable compensation for meeting quality objectives (~~un-~~ ~~measurable~~ nonmeasurable component) in a bonus program and ~~or~~ special bonus – the Company shall not grant both a variable compensation to officers for meeting quality goals during a certain calendar year, and in the bonus program as part of a special bonus. Meaning, an officer that a variable compensation granted to him in respect of the bonus plan for compliance with quality objectives in a given calendar

year will not receive variable ~~compensation as~~ compensation as special bonus to meet the quality targets in the same calendar year, and vice versa.

20.2 Reduction of a bonus and/or grant – Notwithstanding anything stated in this Compensation Policy Document, the Board of Directors may, at its discretion, reduce a bonus and/or grant before it is resolved to grant it in the framework of the officer Compensation Policy, based on reasonable considerations taken into account by it, including considerations as to the Company's future financial position, its ability to meet the financial covenants to which it committed (if at all), the extent of the officer's contribution, his compliance with the targets set for him, and any other circumstance in light of which withholding such bonus and/or grant, or alternatively granting it, would benefit the Company.

20.3 Cap on the realizable value of equity-based variable compensation— Equity-based variable compensation plans as in effect from time to time at the Company will include a cap on the realizable value. Nevertheless, in the framework of these plans the Board of Directors will be authorized, on the date of any allocation of options to an officer, to set and change the exercise price, the vesting period, the exercise period and all the other terms applying to any option so allocated, subject to the Compensation Policy and principles set forth in this document.

## **21. Bonus entitlement for a partial employment period**

If employer-employee relations between an officer and the Company terminate in the course of a calendar year, the annual bonus mechanism according to this Compensation Policy will be adjusted to the partial employment period, such that the bonus amount paid to the officer will be adjusted to the period for which the officer is entitled to a bonus, including balances that would have been spread out over following years, and the bonus calculation will reflect the partial employment period only.

## **22. Bonus correction**

If the Company's audited consolidated financial statements for any year are corrected, in such manner that the amount of the grant and/or bonus for measurable components that was due to an officer for that year been calculated based on the corrected data, the officer would have received a bonus in different amount (higher or lower, as the case may be), the Company will pay the officer or the officer will return to the Company, as the case may be, the difference between the amount that was actually paid and the amount which should have been paid in light of such correction, on the date of payment of the officer's next salary after the publication of the corrected statements, and in accordance with the provisions of the Wage Protection Law, 5718-1958 ("**Wage Protection Law**") with respect to the amount of the allowed deduction. This difference will be considered an agreed and liquidated amount for purposes of Sections 25(a)(6) and 25(b) of the Wage Protection Law.

The Company is permitted not to return such difference to the officer, whenever it becomes apparent that it was created due to that officer's negligent or willful act or omission.

For the purpose of implementing the foregoing, the officer will sign, on the date of payment of any bonus and/or grant, or earlier, an undertaking to return the relevant payments, in wording as determined by the Company.



## 23. Equity-based compensation

The Company may grant equity-based compensation, including options and shares, subject to the approval of the Approving Entity, as part of the officer's compensation mechanism, at terms to be determined by the Company.

The terms of an option plan and the exercise price will serve as an appropriate incentive for maximizing the Company's value in the long term and for encouraging the achievement of the Company's long-term objectives. In addition, criteria will be set based on which options will not be granted (such as in circumstances that justify dismissal without severance pay, noncompliance with the vesting conditions that were set, deterioration in the Company's situation due to the officer's actions, officer's breach of trust, and any other criteria determined by the Board of Director or the Board committee in charge of managing the Company's option plan).

### 23.1 Criteria for determining equity-based compensation

- 23.1.1 The Company will take into account the amount of the cumulative dilution resulting from all grants made by the Company. The maximum cumulative dilution allowed due to all grants made by the Company will be limited to 15%, taking into account the actual amount of unexpired grants from the last ten years, such that immediately before each grant ~~date~~ the date the current dilution percentage versus the maximum amount determined will be recalculated. In fluctuating market conditions, the dilution percentage will be calculated taking into account the difference between theoretical dilution and actual dilution.
- 23.1.2 The exercise price and the terms of the plan will not embody an immediate benefit ("in the money" options) and/or a rebate on the share price immediately before the grant date, taking into account the volatility of the share during the period. 4.
- 23.1.3 The vesting period may not be less than three years (or partial exercise over the years).
- 23.1.4 The exercise period may not be less than one year after each vesting date.
- 23.1.5 An option plan may not include an automatic renewal mechanism.
- 23.1.6 If the Company decides to grant phantom options (options which, on the exercise date thereof, the offeree is entitled to receive in cash (and not in shares) the **difference** between the price of the Company's share and the pre-determined exercise price) or restricted shares (RS or RSU) (entitlement to receive shares of the Company which will be issued to the offerees after a certain restriction period), , they too will be considered equity-based compensation. To remove any doubt, the exercise price of phantom options shall not include an immediate bonus (In-the-Money Options). In the event of a plan to grant restricted shares, a goal-driven mechanism will be established, as specified in section 17.1 (a) in accordance with which the shares will be granted at the end of the restriction period.
- 23.1.7 No "poison pill" options/shares will be granted (preferred share arrangement, flip-over, flip-in and voting arrangement). No automatic

mechanism enabling immediate acceleration of the terms of an equity-based grant will be permitted, other than in cases of a change in control.

23.1.8 The grant of options/shares of a related company will be considered based on the extent of the officer's involvement in the related company's business.

23.1.9 Granting of options / shares in a related company will be review based on the degree of involvement of the officer in the related company's businesses.

23.1.10 Re-pricing (reduction in the exercise price) of an option granted to an officer will not be permitted.

23.1.11 The exercise price and/or the number of exercise shares will be adjusted, as customary, to the distribution of dividends/bonus shares/rights or to changes in the Company's structure/capital.

## **23.2 Ceiling for the value of annual equity-based compensation on the grant date**

The value of equity-based compensation that is not settled in cash shall not exceed 6 times the monthly wages of an officer on the grant date, and in any case ~~shall~~ be limited in relation to the total compensation as specified in the table in section 10.4.

## **24. Compensation of Directors and OutsideExternal Directors**

24.1 Compensation of External Directors – The compensation paid to External Directors may not exceed an annual fee and an attendance fee at the rate specified in the "maximum amount" column in the Companies Regulations (Rules Concerning Compensation and Expenses of an OutsideExternal Director), 5759-2000. No share-based grants will be given to an OutsideExternal Director. OutsideExternal Directors ~~as well~~ will also be entitled to reimbursement of expenses as provided above.

24.2 Compensation of non-officer Directors – The compensation and reimbursement of expenses paid to non-officer Directors of the Company will be the same as that paid to the Company's OutsideExternal Directors.

24.3 Chairman of the Board and/or a Director serving as a Company officer (in addition to being a Director) – As long as the Chairman of the Board and/or a Director also serves as an officer of the Company (in addition to being a Director), he will not be paid any compensation for serving as Chairman of the Board ~~and/or Director~~. If the Chairman of the Board does not also serve as an officer of the Company (in addition to being a Director), then the Chairman of the Board shall be entitled to an annual compensation of up to 55% of the total annual cost of the CEO plus VAT as applicable, at ~~it's~~ its rate from time to time, plus reimbursement of expenses as specified in Section 13.4 above. This, as determined by the Approving Entities and subject to any approval required by the law. ~~The~~ If the Chairman ~~who is entitled to be paid receives compensation~~ in accordance with ~~section~~ Section 24.3, ~~he~~ shall not be ~~entitled to any paid~~ Director's ~~fee compensation~~ as specified in ~~section~~ Section 24.2.

## 25. Insurance, indemnification and exemption

The Company may grant all or any of its Directors and officers one or more of the rights set out below, subject to the approvals required by law:

- 25.1 Insurance – Directors and officers of the Company will be insured under a directors and officers liability insurance policy for a sum up to \$10,000,000 (ten million US dollars) for any one event and in the aggregate for all damages arising during the insurance period (plus another \$5,000,000 in respect of legal defense costs) (the "**policy**"). The policy will be renewed every year, subject to approval by the Approving Entity to renew it from time to time at similar terms and for additional periods of up to 18 months each time.

The purpose of the policy is to confer on the Company's Directors and officers protection against claims. The terms of the policy are determined in negotiations between the Company and the insurance company, taking into consideration the areas of operation and the scope of operation of the Company and the Group, the geographical distribution of the Company's operations, the risk management policy applied by the Company, the number of insured covered by the policy and the standard terms in the market in this area.

Run-off cover – The insurance cover purchased by the Company for its Directors and officers may also include runoff arrangements for a period of up to seven years from the date of termination of their service as Directors and officers of the Company.

- 25.2 Indemnification and exemption – The Company may grant indemnification (prospectively and/or retrospectively) and an exemption to all or any of its Directors and officers, according to its discretion, to the maximum extent conforming to the Companies Law and the Increased Efficiency of Enforcement Proceedings at the Israel Securities Authority Law (Legislative Amendment), 5771-2011, in wording as approved by the General Meeting of the Company's shareholders on September 22, 2011.

## **Unitronics (1989) (R"G) Ltd.**

### **Voting Instrument pursuant to the Companies Regulations (Written Votes and Position Statements), 5766-2005 (the "Regulations")**

#### **PART ONE**

1. **Company name:** Unitronics (1989) (R"G) Ltd. (the "**Company**").
2. **Class of General Meeting, time and place of convening:** Annual and Extraordinary General Meeting of the Company's shareholders (the "**Meeting**"). The Meeting will convene at the Zaventem Sheraton Hotel, Brussels, Belgium, on Thursday, October 20, 2016, at 10:30 AM (Belgium time). If the Meeting is adjourned in the absence of a quorum, an adjourned meeting will be held on Thursday, October 27, at the same time and place.

3. **Details of the items on the agenda on which it is allowed to vote by a voting instrument:**

Approval of the revised Compensation Policy of the Company, in the wording attached as **Appendix G** to the report on the convening of a meeting ("**the Convening Report**") to which this voting instrument is attached.

Summary of the proposed resolution: To approve the revised Compensation Policy, in the wording attached as **Appendix G** to the Convening Report, for a period of three years from the date of its approval by the General Meeting of the Company's shareholders.

4. **The time and place at which the complete text of the proposed resolutions can be inspected:**

Any shareholder may, at his request, inspect the text of the proposed resolutions, the text of the immediate report issued by the Company in connection with the Meeting and the attachments thereto and the voting instrument, at Unitronics House, 3 Arava St., Airport City, Lod, Israel, Sunday through Thursday, during regular business hours, by prior arrangement with Mr. Gavriel Badusa (telephone 03-9778888, fax 03-9778877), up to the day of the Meeting.

**5. Majority required for passing resolutions at the Meeting on the items on the agenda:**

The required majority for the approval of the item on the agenda set forth in Section 3 above, in accordance with Section 267A of the Israeli Companies Ordinance, is a majority of the votes of shareholders who are entitled to attend the Meeting and who participate in the vote, provided one of the following is fulfilled: (a) The count of the majority of the votes at the Meeting must include a majority of all the votes of shareholders participating in the vote who are not controlling shareholders of the Company or who do not have a personal interest in the approval of the Compensation Policy, without taking into account abstentions of such shareholders; or alternatively (b) The total number of dissenting votes among shareholders participating in the vote who are not controlling shareholders of the Company or do not have a personal interest in the approval of the Compensation Policy is not more than two percent (2%) of the total voting rights in the Company.

**6. Existence/absence of an interest:**

The item set forth in Section 3 above requires the shareholders participating in the vote by this voting instrument to disclose the existence or absence of an interest or another characteristic of the shareholder as prescribed in the Israeli Companies Law, 5759-1999 ("**the Companies Law**") and the regulations pursuant thereto. In Part Two of this voting instrument, space is allocated for marking off the existence or absence of an interest or other characteristic of the shareholder, as prescribed in the Companies Law and the regulations pursuant thereto, and for detailing such interest, if it exists, in item 3 above. It is emphasized that the vote of someone who did not mark off the existence or absence of an interest or another characteristic of the shareholder as stated, or did not provide details as stated, will not be included in the count of the votes at the Meeting.

**7. Validity of the voting instrument:**

7.1. The voting instrument will be valid only if there is attached to it the certificate of title of an unregistered shareholder (i.e. a person who has shares registered with a Stock Exchange member, and those shares are included among the shares of the Company registered in the Register of Shareholders in the name of a nominee company and/or EuroClear Belgium Interprofessionnelle Effectendeposito – en Girokas / N.V. – Caisse Interprofessionnelle de Depots et de Virements de Titres S.A.), or – if the shareholder is registered in the Register of Shareholders – a photocopy of the shareholders' ID card, passport or certificate of incorporation (all the above – the "**Attached Documents**").

7.2. This voting instrument together with the Attached Documents, as aforesaid, must be submitted to the Company up to 4 hours before the time of voting (i.e. on Thursday, October 20, 2016, at 6:30 AM). In this regard, the time of submission is the time when the voting instrument and the Attached Documents reached the Company's offices at the address specified above.

**8. Voting by an electronic voting instrument:**

An unregistered shareholder may vote on the resolutions on the agenda of the Meeting detailed in Section 2 of the Convening Report by an electronic voting instrument submitted via the Electronic Voting System as defined in the Voting Regulations ("**electronic voting instrument**").

The electronic voting instrument is opened for voting at the end of the record date. Voting via the Electronic Voting System will end six hours before the time of the Meeting (i.e. – Thursday, October 20, 2016, at 4:30 AM), at which time the Electronic Voting System will be closed.

An electronic vote may be changed or cancelled up to the time of closing of the Electronic Voting System, and it may not be changed via the Electronic Voting System after that time. If a shareholder voted in more than one way, his latest vote will be counted. In this regard, voting by a shareholder in person or by proxy will be deemed later than a vote by an electronic voting instrument.

**9. Address for delivery of voting instruments and position statements:**

The Company's offices as detailed in Section 4 above.

**10. Deadline for submitting position statements to the Company:**

Up to 10 days before the meeting date, i.e. up to October 10, 2016 ("**deadline for sending shareholders' position statements**").

**11. Deadline for submitting the Board of Directors' response to position statements:**

No later than 5 days before the meeting date, i.e. up to October 15, 2016.

**12. Address of the Distribution Site, the website of the Tel Aviv Stock Exchange Ltd. and the Euronext Exchange website in Belgium, which contain the voting instruments and the position statements:**

12.1. Distribution site of the Israel Securities Authority ("**the Distribution Site**"): <http://www.magna.isa.gov.il/>

12.2. Website of the Tel Aviv Stock Exchange Ltd.: <http://maya.tase.co.il/>

12.3. Distribution site of the Euronext Exchange in Belgium: <http://www.euronext.com/>

### 13. **Certificates of title:**

A shareholder may, if he so requested, receives the certificate of title at a branch of the Stock Exchange member or through the post. Such a request will be submitted in advance for a particular securities account.

### 14. **Receipt of voting instruments and position statements:**

An unregistered shareholder is entitled to receive by email, free of charge, a link to the wording of the voting instrument and the position statements on the Distribution Site, from the Stock Exchange member through whom he holds his shares, unless he notified the Stock Exchange member that he does not wish to receive such a link, or that he wants to receive voting instruments by post against payment. A notice concerning voting instruments will apply also to the receipt of position statements. In addition, an unregistered shareholder may direct that his certificate of title be submitted to the Company via the Electronic Voting System.

### 15. **Inspection of voting instruments:**

One shareholder or more holding shares at a rate equivalent to five percent or more of the total voting rights in the Company, and a shareholder holding such a percentage out of the total voting rights not held by the Company's controlling shareholder as this term is defined in Section 268 of the Israeli Companies Law ("**controlling shareholder**"), is entitled, following the convening of the Meeting, to inspect the voting instruments as set forth in Regulation 10 of the Regulations, in person or through a proxy, at the Company's offices, during regular business hours.

15.1. The number of shares equivalent to 5% of the total voting rights in the Company is: 687,616 ordinary shares of the Company (taking into account dormant shares that do not confer voting rights).<sup>1</sup>

15.2. The number of shares equivalent to 5% of the total voting rights in the Company not held by the controlling shareholder is: 193,138 ordinary shares of the Company (taking into account dormant shares that do not confer voting rights).<sup>2</sup>

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<sup>1</sup> The Company's shares are also traded on Euronext in Brussels, Belgium. As required by the Financial Services and Markets Authority in Belgium (the FSMA), the calculation of the percentage of voting rights of the Company's shareholders must also take into account dormant shares as part of the issued and paid-up share capital of the Company, even though according to Israeli law dormant shares do not confer voting rights or any other rights. Since the source of the requirement for information in this section is the Israeli law, the Company does not provide here a calculation of the number of shares representing 5% of the total of voting rights in the Company as required by the FSMA.

<sup>2</sup> See footnote 1 above, with the necessary changes.

**16. Changes in the agenda:**

Following the publication of the voting instrument there may be changes in the agenda of the Meeting, including the addition of an item to the agenda, and position statements may be published. It will be possible to read the up-to-date agenda and the position statements that have been published in the Company's reports on the Distribution Site.

**17. Deadline for issuing an amended voting instrument:**

If the Company has published an amended notice as provided in Regulation 5B of the Israeli Companies Regulations (Notice and Announcement of a General Meeting and Class Meeting in a Public Company and Addition of an Item to the Agenda), 5760-2000, it must issue an amended wording of the voting instrument pursuant to this regulation on the day of publication of the amended notice, and in any event no later than September 28, 2016.

**18. Manner of voting:**

A shareholder will indicate his manner of voting on each item on the agenda in the second part of this voting instrument.



## **VOTING INSTRUMENT – PART TWO**

Company Name: **Unitronics (1989) (R"G) Ltd.**

Company's address (for delivery and sending of voting instruments): Unitronics House, 3 Arava St.,  
Airport City, Lod, Israel

Company No.: 520044199

Time of Meeting: October 20, 2016

Class of Meeting: Annual and Extraordinary General Meeting

Record Date: September 22, 2016

### **Shareholder's Details**

Shareholder's name: \_\_\_\_\_

ID No.: \_\_\_\_\_

If the shareholder does not have an Israeli identity card:

Passport No.: \_\_\_\_\_

Issuing country: \_\_\_\_\_

Valid until: \_\_\_\_\_

If the shareholder is a corporation:

Corporation No.: \_\_\_\_\_

Country of incorporation: \_\_\_\_\_

Does the shareholder belong to one of the following classes of shareholders:<sup>3</sup>

1. Interested party<sup>4</sup> – **yes/no**
2. Senior officer<sup>5</sup> – **yes/no**
3. Institutional entity<sup>6</sup> – **yes/no**

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<sup>3</sup> Circle the appropriate choice in each of the sections.

<sup>4</sup> As defined in Section 1 of the Israeli Securities Law.

<sup>5</sup> As defined in Section 37(d) of the Israeli Securities Law.

<sup>6</sup> As defined in Section 1 of the Control of Financial Services Regulations (Provident Funds) (Participation of a Management Company in a General Meeting), 5769-2009, as well as manager of a joint investment trust fund within the meaning of the Joint Investment Trust Law, 5754-1994.

## Manner of Voting

Agenda Item	Manner of Voting <sup>7</sup>			Are you a controlling shareholder or do you have a personal interest in the resolution? <sup>8</sup>	
	For	Abstain	Against	Yes*	No
Approval of the revised Compensation Policy, in the wording attached as <b>Appendix G</b> to the Convening Report, for a period of three years from the date of its approval by the General Meeting of the Company's shareholders.					

\* Specify.

Are you an interested party, senior officer or institutional investor? **yes/no**

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

### **Details:**

**\* If you indicated that you are a controlling shareholder or have a personal interest in the resolution, specify:**

\_\_\_\_\_  
\_\_\_\_\_

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With respect to shareholders who hold shares through a Stock Exchange member (per Section 177(1)) – this voting instrument is valid only with a certificate of title attached to it, except in cases where the vote is via the Internet.

With respect to shareholders who are registered in the Register of Shareholders – the voting instrument is valid with an attached photocopy of an ID card / passport / certificate of incorporation.

<sup>7</sup> Failure to mark off this section will be deemed as abstention in the vote on that item.

<sup>8</sup> The vote of a shareholder who does not complete this column or marks "yes" without an explanation will not be taken into account.