

KARDAN N.V.

REGULATIONS OF THE BOARD

Name	Board Regulations
Version	4
Approval Date	25 March 2014

CONTENTS

1. General Provisions	1
2. Board: Duties and Powers	2
3. Expertise and composition	4
4. Chairman of the Board.....	6
5. CEO and executive management.....	7
6. Non-executive board members	8
7. Provision of Information	8
8. Committees of the Board	9
9. Proceedings and Process of Adoption of Resolution	10
10. Relations with the General Meeting	12
11. Conflicts of Interest.....	13
12. Remuneration	14
13. External Auditor	14
14. Confidentiality.....	15
15. Incidental non-compliance, change	15
16. Governing Law And Jurisdiction.....	16

SCHEDULES

Schedule 1 Profile of the Composition of the Board of Kardan N.V.

Schedule 2 Regulations of the Audit Committee of the Board of Kardan N.V.

Schedule 3 Regulations of the Remuneration, Appointment and Selection Committee

1. GENERAL PROVISIONS

In these Regulations, the following words shall, unless the context requires otherwise or unless specified otherwise in these Regulations, have the following meanings:

Articles:	the articles of association (<i>statuten</i>) of the Company;
Audit Committee:	a committee of the Board, especially charged with the supervision of the financial audit and reporting of the Company;
Board:	means the Body as referred to in Section 2:129 and following of the Dutch Civil Code (<i>bestuur</i>), consisting of the Board Members;
Board Members:	means the members of the Board who, in accordance with Article 23 of the Articles, can be executive members (<i>uitvoerend bestuurders</i>) and/or non-executive members (<i>niet uitvoerende bestuurders</i>) (and each: a "Board Member");
Body:	a body (<i>orgaan</i>) of the Company, being either the Board or the General Meeting;
CEO:	means the chief executive officer of the Company;
Chairman:	means the chairman of the Board as referred to in Article 4 of the Regulations;
Code	the Dutch Corporate Governance Code as adopted by the Monitoring Committee Corporate Governance on December 10, 2008, as amended from time to time;
Company:	Kardan N.V., a public company with limited liability, having its official seat in Amsterdam listed at Euronext Amsterdam Stock Exchange and at the Tel Aviv Stock Exchange;
Executive Management:	senior officers of the Company who support the CEO in executing his duties, being, the Chief Financial Officer, VP Business Development and other officers as specifically designated by the CEO from time to time;
General Meeting:	the Body consisting of the shareholders (<i>algemene</i>

	<i>vergadering</i>);
General Meeting of Shareholders:	the gathering of the shareholders in a meeting (<i>algemene vergadering van aandeelhouders</i>);
Remuneration, appointment and selection Committee:	a committee of the Board, especially charged with making the proposal to the General Meeting to determine the remuneration and further conditions of employment for each member of the Board and the CEO if he is not a Board Member, all in accordance with the remuneration policy of the Company as adopted by the General Meeting;
Regulations:	these Board regulations as adopted by the Board and amended from time to time;
Written:	any message transmitted by current means of communication and received in writing.

These Regulations have been adopted by the Board in accordance with Article 21.4 of the Articles and shall be posted on the Company's website.

In case of a conflict between the Articles and these Regulations, the Articles shall prevail. In case a provision of these Regulations is held to be invalid, this will not affect the other provisions of these Regulations. The Board will replace the invalid provision by a valid provision, which is, as much as possible, equally in terms of effect, contenance and intention compared to the invalid provision.

2. BOARD: DUTIES AND POWERS

2.1. Notwithstanding all other duties set out in the Articles, the Board shall outline the policy of the Company and shall supervise the performance of the functions and acts of the CEO within that framework and:

- a. shall determine the Company's strategy and objectives, plans of action, principles for funding them and the priorities between them;
- b. shall examine the Company's financial status, and shall set the credit limits that the Company be entitled to operate;
- c. shall determine the organizational structure of the Company and its wage policy;
- d. may resolve publication of prospectus or shelf prospectus by the Company;

- e. shall approve the financial and the periodic reports issued by the Company;
 - f. shall approve any agreement and/or engagement of the Company as detailed under paragraph 9.9 below;
 - g. shall discuss and approve, once a year, together with the adoption of the annual financial reports, the fairness and reasonableness of the highest remuneration of employees of the Company's group; and
 - h. may resolve to issue debenture series and/or other securities.
- 2.2. The supervision of the performance of the functions and acts of the CEO by the Board shall include, among others:
- a. achievement of the Company's objectives;
 - b. implementation of corporate strategy;
 - c. monitoring the risks inherent in the business activities and the design and effectiveness of the internal risk management and control systems;
 - d. the financial reporting process;
 - e. compliance with legislation and regulations;
 - f. if a takeover bid for the Company's shares is being prepared, it shall ensure that it is closely involved in the takeover process in due time; and
 - g. the company/shareholder relationship.
- 2.3. In discharging its duties, the Board shall be guided by the interests of the Company and the business affiliated with it, and shall take into account the relevant interests of the Company's stakeholders. The Board is responsible for its own performance.
- 2.4. A Board Member shall retire early in the event of inadequate performance, structural incompatibility of interests and in other instances in which this is deemed necessary by the Board.
- 2.5. Board Members who are frequently absent shall be called to account for this by the Chairman. The annual report of the Board that forms part of the Dutch annual statements shall state which Board Members have been frequently absent from meetings of the Board.
- 2.6. The annual and periodical statements of the Company shall include a report of the Board. In this report the Board describes its activities in the financial year/period and which includes the specific statements and information required

by the provisions of the Code and applicable law (including regulations pursuant to Israeli Securities Law).

- 2.7. The Board shall discuss at least once a year its own functioning, the functioning of its committees and its individual Board Members, the functioning of the Executive Management and the conclusions that could be drawn on the basis thereof. The desired profile, composition and competence of the Board shall also be discussed. The report of the Board that forms part of the Dutch annual statements shall state how the evaluation of the functioning of the Board, the separate committees and the individual Board Members has been carried out.
- 2.8. The Board shall discuss and resolve at least once a year the corporate strategy the budget and cash flow of the Company. The Board shall also discuss the main risks of the business, the result of the assessment by the Board of the design and effectiveness of the internal risk management and control systems, as well as any significant changes thereto. Reference to these discussions shall be made in the report of the Board as referred to in article 2.6.
- 2.9. At the request of the Board, key business managers of the group to which the Company belongs will periodically be requested to inform the Board on the business activities and developments related thereto.
- 2.10. The non-executive Board Members each have their own responsibility obtaining all information from the CEO and Executive Management and/or the external auditor that they need in order to be able to carry out their duties properly. If the Board considers it necessary, it may obtain information from officers and external advisers of the Company. The Company shall provide the necessary means for this purpose. The Board may require that certain officers and external advisers attend its meetings.
- 2.11. The Board shall have access to the buildings and premises of the Company and shall be authorized to inspect the books and records of the Company. The Board may designate one or more persons from among its members or an expert to exercise these powers. The Board may be assisted by experts in other cases also.

3. EXPERTISE AND COMPOSITION

- 3.1. The Board shall consist of a minimum number of three Board Members and a maximum of fifteen Board Members, to be determined by the Board. The majority of the Board Members shall be non-executive Board Members.

- 3.2. Only individuals can be appointed Board Member. If less than three Board Members are in office, the Board shall still be validly constituted, but shall proceed without delay to make up its number.
- 3.3. Each Board Member shall be capable of assessing the broad outline of the Company's strategy and corporate objectives. Each Board Member shall have the specific expertise required for the fulfilment of the duties assigned to the role designated to him within the framework of the Board profile. Any person who is nominated for appointment as a Board Member shall be capable of performing this function properly and contributing to an adequate composition of the Board. The Board shall only propose a Board Member after careful consideration and by taking into account whether the proposed Board Member meets the criteria mentioned in this article 3.3.
- 3.4. Schedule 1 contains a profile of the composition of the Board, taking account of the nature of the business, its activities and the desired expertise and background of the Board Members. The profile shall be made generally available and shall, in any event, be posted on the Company's website.
- 3.5. If a newly appointed Board Member considers it to be necessary or desirable, the Board Member may follow an induction programme that may cover general financial and legal affairs, financial reporting by the Company, any specific aspects that are unique to the Company and its business activities or the responsibilities of a Board Member. If the Board considers it necessary or desirable, the Board shall conduct an annual review to identify any aspects with regard to which the Board Members require further training or education during their period of appointment. The Company shall play a facilitating role in this respect.
- 3.6. Members of the Board will only accept, as long as they hold a position on the Board of the Company, positions on Boards of other Dutch listed companies, in those cases where the proper performance of their duties is not jeopardized by the acceptance of such other positions and subject to compliance with article 3.7 of these Regulations. Members of the Board will notify the Board on any such other position. The Board as a whole will on a case by case basis, and taking into account the specific circumstances, evaluate whether the acceptance of such position would have to lead to the request of early retirement of such Board Member.
- 3.7. Notwithstanding other statutory limitations in this respect, persons who are a supervisory or non-executive board member five Dutch listed companies or more

shall not be included by the Board in the list of candidates for appointment as non-executive Board Member. Membership of the board of other companies within the Kardan group to which the Company belongs does not count for this purpose. Chairman of a board or executive board positions will count twice for this purpose.

Persons who are a supervisory board member or non-executive board member of two Dutch listed companies or more or who are a chairman of a one-tier board or supervisory board of at least one Dutch listed company shall not be included by the Board in the list of candidates for appointment as CEO/executive board member. Membership of the board of other companies within the Kardan group to which the Company belongs does not count for this purpose.

- 3.8. The non-executive Board Members shall be appointed for a period of up to four years.
- 3.9. The CEO shall be appointed for a maximum period of five years.
- 3.10. The Board shall draw up a retirement schedule in order to avoid, as far as possible, a situation in which many Board Members retire at the same time. The retirement schedule shall be made generally available and shall be posted on the Company's website.

4. CHAIRMAN OF THE BOARD

- 4.1. The Board shall elect a Chairman from its midst. The Board may also elect a Vice Chairman from its midst who shall take the place of the Chairman in the latter's absence. In the absence of the Chairman and the Vice Chairman, if elected, at a meeting of the Board, the meeting shall itself designate a chairman from amongst the Board Members for that particular meeting. The Board shall also appoint a secretary for each meeting, who need not be a Board Member, and make arrangements for substitution in case of absence. The CEO shall not be Chairman, Vice Chairman or chairman appointed for a particular meeting.
- 4.2. The Chairman of the Board shall ensure the proper composition and functioning of the Board and its committees, and shall act on behalf of the Board as the main point of contact for shareholders regarding the functioning of the Board. In his capacity of Chairman, he shall ensure the orderly and efficient conduct of the General Meeting of Shareholders.
- 4.3. The Chairman of the Board shall ensure that:

- a. the Board Members receive in a timely manner all information necessary for the proper performance of their duties;
- b. there is sufficient time for consultation and decision-making by the Board;
- c. the committees of the Board function properly;
- d. the performance of the CEO, Executive Management and the Board is assessed at least once a year; and
- e. the CEO maintains proper contact with the non-executive members of the Board.

5. CEO AND EXECUTIVE MANAGEMENT

- 5.1. The CEO shall be responsible for the day-to-day management of the Company in accordance with the delegation by the Board pursuant to the Articles and these Regulations and subject to its guidelines and instructions as set out in these Regulations. The Board may terminate or limit the delegation to the CEO at any time, at its own discretion.
- 5.2. In executing his duties, and subject to the limitations as set out in these Regulations, the CEO may represent the Company jointly with any member of the Executive Management. In addition, two members of the Executive Management shall be allowed to represent the Company jointly, subject to the limitations as set out in these Regulations, including, but not limited to, the limitations as set out in article 9.9 hereof. The CEO and each of the members of the Executive Management individually may represent the Company in all legal acts to an aggregate amount of EUR 10,000.
- 5.3. The CEO may, with the prior approval of the Board, delegate any of his powers to any other person subordinate to him.
- 5.4. Notwithstanding article 5.3, the CEO jointly with any member of the Executive Management and two members of the Executive Management jointly may delegate, without the prior approval of the Board being required, the following to any person they deem fit:
 - a. the authority to open bank accounts on behalf of the Company and to instruct payments and to do other acts as required in the normal course of business in respect of such bank accounts;
 - b. the authority to, on behalf of the Company, sign bank loans with Israeli banks, provided that such authorisation can only be acted upon after

approval of final loan documents by either the CEO or CFO, who will observe the approval levels as set out in Article 9.9 of these Regulations;

- c. the authority to, on behalf of the Company, submit to the Israeli Securities Authority and/or Tel Aviv Stock Exchange any and all reports and notifications which the Company is required to submit in light of its listing at the Tel Aviv Stock Exchange;

provided such delegations can be revoked at any time at the discretion of the persons granting the delegations and provided such delegations can only be exercised jointly with another person who has been duly provided with a similar delegation.

- 5.5. To the extent the CEO and members of the Executive Management are jointly authorized to represent the Company in accordance with articles 5.2 and 5.4 above, they are each authorized to give each other a power of attorney, per email or in writing, to act on his/her behalf in case a) he/ she is unable to represent the Company due to (but not limited to) holiday, business travel or illness, b) there is an urgent business need to do so (to be assessed at the sole discretion of the CEO/ member of the Executive Management respectively) and c) the power of attorney is not general, but for a specific matter only.
- 5.6. Without prejudice to any provision of the Articles which attributes specific powers to the Board, the CEO shall require prior approval of the Board for resolutions with respect to all matters referred to in article 9.9 of these Regulations.

6. NON-EXECUTIVE BOARD MEMBERS

- 6.1. The non-executive Board Members shall be exclusively responsible for drawing up a proposal for the remuneration of the CEO and nomination of the CEO for decision by the General Meeting.

7. PROVISION OF INFORMATION

- 7.1. The CEO is obliged to notify the Board of any extraordinary matter which is of significance to the Company.
- 7.2. The CEO shall timely provide the Board with information on all facts and developments concerning the Company which the Board may need to function as required and to properly carry out its duties. For this purpose, the CEO may send written management updates.

- 7.3. The CEO shall submit (financial) reports to the Board on the matters, at the times and to the extent determined by the Board.
- 7.4. The Chairman of the Board may, at any time, at his own initiative or in accordance with the decision of the Board, require additional reports from the CEO on matters relating to the business of the Company.
- 7.5. Where a report or notification by the CEO requires an act on the part of the Board, the Chairman of the Board shall convene a meeting of the Board without delay.
- 7.6. Each year, without prejudice to the above, the CEO shall provide the Board with suggested budget and the principal objectives for the following year, the main features of the strategic policy, the general and financial risks, the management and control systems of the Company and the compliance with relevant laws and regulations.
- 7.7. The CEO shall present the annual accounts to the Board. The annual accounts and the annual report for the past financial year shall be discussed and approved in a Board meeting. Prior to this meeting the annual accounts shall be discussed by the Board in the presence of the auditor. The annual accounts shall be signed by the Board Members; if the signature of one of them is missing, this shall be reported giving reasons. According to the Israeli Securities Regulations the annually and quarterly accounts shall be signed by the Chairman, the CEO and the most senior officer of the financial department. If one of the above is unable to sign, each Board Member can replace him, but the Company has to explain the reasons for him not to sign.

8. COMMITTEES OF THE BOARD

- 8.1. The Board shall appoint from among its non-executive members an Audit Committee. Schedule 2 contains the terms of reference of the Audit Committee. The terms of reference and the composition of the Audit Committee shall be posted on the Company's website. For the purpose of compliance with Israeli regulations, the duties of a balance sheet committee as defined under said regulations shall be deemed to be included in the duties of the Audit Committee.
- 8.2. The Board shall appoint from among its non-executive members a Remuneration, appointment and selection committee. Schedule 3 contains the terms of reference of the Remuneration, appointment and selection committee. The terms of reference and the composition of the Remuneration, appointment and selection committee shall be posted on the Company's website.

- 8.3. If the Board considers it to be desirable, it can, at all times, appoint from among its non-executive members other special committees. If the Board appoints other special committees, it can draw up a set of regulations for such committee, indicating the role and responsibility of the committee concerned, its composition and the manner in which it discharges its duties.

9. PROCEEDINGS AND PROCESS OF ADOPTION OF RESOLUTION

- 9.1. The Board shall meet once every quarter, and additionally whenever the Chairman or two other Board Members deems such necessary.
- 9.2. The secretary to the meeting shall keep minutes of the proceedings at meetings of the Board. The minutes shall be adopted in a following meeting of the Board and shall be signed by the Chairman and the secretary as evidence thereof.
- 9.3. All resolutions of the Board shall be adopted by an majority of the votes cast, unless otherwise provided in the Articles.
- 9.4. In meetings of the Board each Board Member shall be entitled to cast one vote.
- 9.5. Except as provided in article 9.7, resolutions of the Board shall only be valid if taken at a meeting at which the majority of the Board Members are present or represented.
- 9.6. A Board Member may only be represented in meetings of the Board by another Board Member pursuant to a written power of attorney. This written power of attorney can only be granted to another Board Member for a specified resolution in respect of which both the Board Member granting the power of attorney and the Board Member to whom the power of attorney is granted have not notified a conflict of interest in accordance with paragraph 11.
- 9.7. Meetings of the Board may be held by means of an assembly of its members in person in a formal meeting or by conference call, video conference or by any other means of communication, provided that all Board Members participating in such meeting are able to communicate with each other simultaneously. Participation in a meeting held in any of the above ways shall constitute presence at such meeting.
- 9.8. Board resolutions may also be adopted without holding a formal meeting, in writing or otherwise, provided that the proposal concerned is submitted to all Board Members then in office and none of them objects to the proposed manner of adopting resolutions. A report with respect to a resolution adopted other than in writing shall be prepared by a Board Member. The report shall be signed by

such Board Member and presented to the Board for its information in the next meeting of the Board. Adoption of resolutions in writing shall be effected by written statements from all Board Members then in office.

9.9. Notwithstanding the tasks and responsibilities delegated to the CEO or any other persons in accordance with these Regulations or otherwise, and without prejudice to any other provision of the Articles, the following resolutions shall not fall under day-to-day management and shall therefore only be resolved by the Board:

- a. acquiring or alienating assets with a value exceeding EUR 10,000,000 (on the understanding that for the calculation of this amount the actual monetary commitment of the Company in such transaction shall be determining and not the actual value of the assets);
- b. providing guarantees outside the group of companies that the Company forms part of for an amount exceeding EUR 10,000,000;
- c. performing legal acts outside the group of companies that the Company forms part of other than set out under (a) and (b) above, for an amount exceeding EUR 10,000,000, on the understanding that more than one act with respect to the same transaction will be deemed to be one act;
- d. exercising voting rights of the Company, if applicable, in any subsidiary or affiliated company with respect to transactions proposed by such subsidiary or affiliated company which, would require approval of the Board pursuant to articles 9.9 a-c, should the Company enter into them;
- e. decisions related to the items mentioned in paragraph 2.1 of these Regulations;
- f. an important change in the identity or character of the Company or the business, including in any case:
 - (i) a transfer of the business or practically the entire business to a third party;
 - (ii) the entry into or termination of a long-term cooperation of the Company or a Subsidiary with another legal person or partnership or as a fully liable partner in a limited partnership or general partnership, if such cooperation or termination is of a far-reaching significance for the Company;

- (iii) the acquisition or divestment by the Company or a Subsidiary of a participating interest in the capital of a company having a value of at least one-third of the amount of the Company's assets according to its balance sheet and explanatory notes or, if the Company prepares a consolidated balance sheet, according to its consolidated balance sheet and explanatory notes in the last adopted annual accounts of the Company.

10. RELATIONS WITH THE GENERAL MEETING

- 10.1. The General Meeting of Shareholders is the forum at which the Board reports on and renders account with regard to the manner in which it has performed its duties.
- 10.2. The Board shall ensure that the General Meeting of Shareholders is convened in a timely manner, the necessary items on the agenda are properly reported and that the rules relating to the minutes and inspection thereof prescribed by the Articles are complied with.
- 10.3. Requests of shareholders (or holders of depositary receipts for shares) who solely or jointly meeting the criteria set out in Section 114a of the Dutch Civil Code to place items on the agenda of the General Meeting of Shareholders shall be honoured if such requests are submitted to the Board or the Chairman of the Board at least 60 days before the scheduled date of the Meeting, unless, in the opinion of the Board, there are weighty interests on the part of the Company that oppose the inclusion of such item or items in the agenda.
- 10.4. The Board Members shall attend the Meeting of Shareholders except when they are unable to do so due to serious reasons. In accordance with the Articles, the General Meeting of Shareholders shall in principle be led by the Chairman of the Board or, if he has not been elected or in his absence, by the Vice Chairman of the Board; in the event that the latter has also not been elected or is also absent, the Board Members present shall elect a chairman from their midst. The Board may designate another person to act as chairman of a General Meeting of Shareholders.
- 10.5. The Board shall provide the General Meeting of Shareholders with all information reasonably requested in so far as this relates to an item on the agenda, unless such provision is detrimental to a vital interest of the Company.

11. CONFLICTS OF INTEREST

- 11.1. The Board shall strictly follow special rules, laid down in articles 7, 8 and 9 of the Articles, aiming at the avoidance of any conflict of interest or apparent conflict of interest between the Company and Board Members that are also Holders of Control as defined in Article 1.1 of the Articles. Without prejudice to articles 7, 8 and 9 of the Articles, the Board shall act in accordance with this article 11 (and article 25.3 of the Articles) in order to avoid any further conflict of interest or apparent conflict of interest between the Company and Board Members.
- 11.2. In the event a Board Member has a conflict of interest (as explained in the Code and defined in Article 1.1 of the Articles, when in effect) with respect to an intended resolution of the Board, the relevant Board Member must immediately notify the Chairman of the Board or, if the Chairman of the Board is involved, the vice chairman of the Board of this conflict. A conflict of interest exists, in any event, if the Company intends to enter into a transaction with a legal entity:
- a. in which a Board Member personally has a material financial interest;
 - b. which has a Board Member who has a relationship under family law up to the third degree with (a life partner of) a Board Member of the Company or who is the life partner of a Board Member of the Company;
 - c. in which a Board Member has a management or supervisory position, unless it concerns a group company of the Company and the conflict is the result only of the different director's capacities; or
 - d. the Chairman of the Board has determined that there is a conflict of interest.
- 11.3. A Board Member shall immediately report any conflict of interest or potential conflict of interest that is of material significance to the Company and/or to him, to the chairman of the Board and shall provide all relevant information, including information concerning his wife, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree. If the chairman of the Board has a conflict of interest or potential conflict of interest that is of material significance to the Company and/or to him, he shall report this immediately to the vice chairman of the Board, when elected, and in absence of a vice chairman, to the other members of the Board, and shall provide all relevant information, including information concerning his wife, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree. The Board Member concerned shall not take part in the assessment by the Board of whether a conflict of interest exists.

- 11.4. A Board Member may not take part in the decision on a subject or transaction in relation to which he has a conflict of interest with the Company.
- 11.5. All transactions in which there are conflicts of interest with Board Members shall be agreed on terms that are customary in the sector concerned. Decisions to enter into transactions in which there are conflicts of interest with Board Members that are of material significance to the Company and/or to the relevant Board Members require the approval of the Board. Such transactions shall be published in the annual report, together with a statement of the conflict of interest and a declaration that article 11.2 to 11.5 inclusive have been complied with.
- 11.6. A Board Member who temporarily takes on the management of the Company, where the Board Members are absent or unable to fulfil their duties, shall resign from the Board.

12. REMUNERATION

- 12.1. The General Meeting shall determine the remuneration for every Board Member.
- 12.2. The Board shall determine the remuneration policy for the executive management in accordance with article 22.5 of the Articles.
- 12.3. The CEO is not to take part in the decision making process regarding the determination of the remuneration of the CEO.
- 12.4. A non-executive Board Member may not be granted any shares and/or rights to shares by way of remuneration.
- 12.5. The Company may not grant its Board Members any personal loans, guarantees or the like unless in the normal course of business and after approval of the Board. No remission of loans may be granted.

13. EXTERNAL AUDITOR

- 13.1. The remuneration of the external auditor, and instructions to the external auditor to provide non-audit services, shall be discussed by the CEO and Executive Management with the Audit Committee and approved by the Board.
- 13.2. The CEO and Executive Management and the Audit Committee shall report their dealings with the external auditor to the Board on an annual basis, including his independence in particular (for example, the desirability of rotating the responsible partners of an external audit firm that provides audit services, and the desirability of the same audit firm providing non-audit services to the Company).

- 13.3. At least once every four years, the CEO and Executive Management and the Audit Committee shall conduct a thorough assessment of the functioning of the external auditor within the various entities and in the different capacities in which the external auditor acts. The main conclusions of this assessment shall be communicated to the Board and the General Meeting for the purposes of assessing the appointment of the external auditor.
- 13.4. The external auditor shall at least attend the meeting of the Board, at which the report of the external auditor with respect to the audit of the annual accounts is discussed, and at which annual accounts are to be established. In addition, the external auditor shall attend the meetings of the Board, at which the quarterly and half-yearly results are discussed.
- 13.5. The external auditor of the Company, as well as each Board Member shall immediately report any potential conflict concerning the external auditor to the Chairman of the Board. The external auditor of the Company and the Board Member must provide all information relevant to the conflict of interests to the chairman of the Board.

14. CONFIDENTIALITY

- 14.1. Every Board Member is obliged to, with respect to the information received in his position as a Board Member, keep the necessary discretion and, if it considers private and confidential information, secrecy. Board Members, and former Board Members, may not make public or in any other way provide the information received to third parties, unless the Company already published the information or it is determined that the public is aware of this information.

15. INCIDENTAL NON-COMPLIANCE, CHANGE

- 15.1. The Board by means of a written resolution may decide not to comply with these Regulations on a case-by-case basis, provided that such deviation does not conflict with any provision of the Articles. If such a decision is being made, the Board will mention this in the report of the Board in the annual report.
- 15.2. Without prejudice to provision 1 of these Regulations, the Board, by means of a written resolution, may decide to change these Regulations. If such a decision is being made, the Board will mention this in the report of the Board in the annual report.

16. GOVERNING LAW AND JURISDICTION

- 16.1. These Regulations shall be governed by and construed in accordance with the laws of the Netherlands.
- 16.2. Any dispute arising out of or in connection with these Regulations shall be resolved exclusively by the competent court of Amsterdam, the Netherlands, and each of the Parties hereby submits irrevocably to the jurisdiction of such court.

SCHEDULE 1

Profile of the Composition of the Board of Kardan N.V.

1. This profile is intended to offer a guideline for the composition of the Board and the list of candidates for its members.
2. The Board shall have a minimum number of three Board Members and a maximum of fifteen Board Members. If less than three Board Members are in office, the Board shall still be validly constituted, but shall proceed without delay to make up its number. Only individuals can be appointed Board Member.

If and to the extent that a person carries out supervisory duties at more than the number of entities permitted under the laws and regulations applicable to the Company, this person shall not be appointed as a Board Member.

2. In order to ensure the proper composition of the Board of Kardan N.V. at all times, a nomination will be submitted to the General Meeting, drawn up by the Board to the extent possible based on unanimity of policy and vision.
3. Each Board Member shall be capable of assessing the broad outline of the Company's strategy and corporate objectives. Each Board Member shall have the specific expertise required for the fulfilment of the duties assigned to the role designated to him within the framework of the Board profile. Any person who is nominated for appointment as Board Member shall be capable of performing this function properly and contributing to an adequate composition of the Board. The Board shall only include a Board Member in its list of candidates after careful consideration and by taking into account whether the Board Member still meets the criteria mentioned in this article 3.
4. The Board as a whole shall be capable of performing:
 - a. the selection and composition of an efficient, qualified and competent Board and supervision of the succession of Board Members;
 - b. the determination of the overall strategy, development of the financial position, the risks associated with the intended strategy and the policy to be

pursued, investment and divestment plans, management of financial risks, including internal control, and the personnel policy to be pursued.

5. It is considered desirable that, where possible, for the Board to have broad representation to such extent that:
 - a. expertise is present in managing enterprises, in financial administration and accounting for listed companies and other large legal entities;
 - b. specific know-how is present in respect of the various aspects of the business operations of a the Company;
 - c. it can take an active and leading role in business, politics and society;
 - d. it is aware of and identifies international social, economic, political and societal developments that are relevant to the Company.

6. A balanced age breakdown is sought for the Board. It is considered desirable that, where possible, at least one the members are still actively engaged in a business position.

7. Shareholders, former shareholders or persons affiliated with shareholders or former shareholders of Company shall not be excluded from appointment as a Board Member.

SCHEDULE 2

Regulations of the Audit Committee of the Board Kardan N.V.

1. CONSTITUTION

- 1.1. The Audit Committee is a committee comprising of non-executive Board Members with the general task of evaluating and when necessary providing advice to the Board on matters concerning the financial administrative control, the financial reporting and the internal and external audit of Kardan N.V. and its group companies (hereafter "Kardan").
- 1.2. The activities of the Audit Committee may in no way infringe on the statutory authorities of the Board.

2. MEMBERSHIP

- 2.1. It is desirable that, where possible, the Audit Committee comprises of three non-executive Board Members.
- 2.2. The term for Board Members in the Audit Committee will equal their term as Board Members.
- 2.3. The Audit Committee shall not be chaired by the Chairman of the Board.
- 2.4. At least one member of the Audit Committee shall be an expert in managing enterprises, in financial administration and accounting for listed companies and other large legal entities.

3. ATTENDANCE AT MEETINGS

- 3.1. Officers with responsibility for the following areas shall be invited as attendees when appropriate: Finance, Compliance and Internal audit.
- 3.2. The CEO and CFO shall attend, to the extent possible, all meetings of the Audit Committee. The Audit Committee shall decide whether and, if so, when the internal auditor should attend its meetings.
- 3.3. The external auditor shall at least attend the meetings of the Audit Committee, at which the report of the external auditor with respect to the audit of the annual accounts is discussed, and at which annual accounts are to be established. In

addition, the external auditor shall attend the meetings of the Audit Committee at which the quarterly and half-yearly results are discussed.

- 3.4. The Audit Committee shall further meet with the external auditor as often as it considers necessary.

4. FREQUENCY OF MEETINGS

Meetings shall be held as and when required by the chairman of the Audit Committee, or any two members thereof or at the request of the CEO. However, at least four meetings shall be held annually, of which one anticipating the closing of the financial year to be held prior to the Board's meeting.

5. AUTHORITY

- 5.1. The Audit Committee is authorised by the Board to investigate any activity within the scope of these Regulations and may to that extent via the CEO or CFO request such reasonable information as it deems necessary from any functionary of the Company, its subsidiaries or group companies with account being taken of possible impediment due to local legislation.
- 5.2. The Audit Committee is authorised to request advice from outside experts if it considers this necessary.
- 5.3. The Audit Committee shall act as the principal contact for the external auditor if he discovers irregularities in the content of the financial reports.

6. ROLE

- 6.1. The Audit Committee's role is to:
 - a. review on an annual basis the accounting policies, practices and going concern assumption of Kardan and to discuss compliance with accounting standards, regulatory and legal requirements;
 - b. review the adequacy of co-ordination between the internal and external auditors and to discuss annually with the auditors (internal and external) the scope of the audit, the cost effectiveness of their work, their independence and any non-auditing work for Kardan;
 - c. review the state and effectiveness of the financial reporting and internal control systems used throughout Kardan (including effectiveness of business risk assessment);

- d. review and discuss the Auditor's Report on Kardan's accounts, review the results of the internal and external audit, the contents of the (consolidated) management letters and responses from management;
- e. review and discuss the financing of the Company, the policy of the Company on tax planning and the applications of information and communication technology (ICT);
- f. discuss major judgmental areas and significant legal action commenced against or by the business;
- g. assume the responsibilities of a balance sheet committee as defined under Israeli regulations; as such, the Audit Committee will examine the financial statements and the significant matters related to them, such as, valuations, assumptions, estimates and judgments, accounting policies and accounting treatment and the disclosures in the financial statements. The Audit Committee will provide its recommendation regarding the approval of the financial statements to the Board taking into account a reasonable time before the discussion thereof in the Board;
- h. review the annual financial statements of the Company prior to the Board and recommend to the Board whether to approve them or not; and
- i. review any other matter within the terms of reference as the Audit Committee deems appropriate.

7. FINANCIAL REPORTING AND AUDITOR

- 7.1. The Audit Committee advises the Board on its responsibility for the quality and completeness of publicly disclosed financial reports. The Audit Committee shall supervise compliance with the procedures regarding the preparation and publication of the annual report, the annual accounts, the quarterly and/or half yearly figures and ad hoc financial information.
- 7.2. The Audit Committee shall supervise that and to what extent the external auditor is involved in the content and publication of financial reports other than the annual accounts.
- 7.3. The Audit Committee shall report its dealings with the external auditor to the Board on an annual basis, including his independence in particular (for example, the desirability of rotating the responsible partners of an external audit firm that provides audit services, and the desirability of the same audit firm providing non-audit services to the Company).

- 7.4. The external auditor and the Audit Committee shall be consulted by the CEO on the work schedule of the internal auditor. They shall also be informed on the findings of the internal auditor.

8. REPORTING PROCEDURES

- 8.1. The chairman of the Audit Committee shall report the findings of the Audit Committee to the Board from time to time.

Schedule 3

Regulations of the Remuneration, Appointment and Selection Committee of the Board Kardan N.V.

1. RESPONSIBILITIES

- 1.1 The remuneration, appointment and selection committee (the "Committee") advises the Board in relation to remuneration of the CEO and shall prepare resolutions of the Board in relation thereto.
- 1.2 The responsibilities of the Committee shall include:
- a. preparing a proposal for the Board concerning the remuneration policy for the non-executive members of the Board and the CEO to be adopted by the General Meeting;
 - b. preparing a proposal, upon the recommendation of the CEO, concerning the remuneration policy for the Executive Management, to be adopted by the Board;
 - c. preparing a proposal concerning the individual remuneration of the CEO the Board to be adopted by the General Meeting, which proposal will in any event include: (i) the remuneration structure and (ii) the amount of the fixed remuneration, the shares and/or options/or other variable remuneration components, pension rights, severance pay and other forms of compensation to be awarded, as well as the performance criteria and the application thereof;
 - d. preparing a proposal concerning the individual remuneration of the non-executive members of the Board to be adopted by the General Meeting;
 - e. preparing the remuneration report as part of the Company's annual report. The remuneration report comprises a report on the way in which the remuneration policy was implemented in the most recent financial year and comprises an outline of the remuneration policy that will be implemented in the next forthcoming financial year and subsequent years, containing where possible the information as referred to in best practice provision II.2.10 of the Code. The remuneration policy will be placed on the Company's website;

- f. preparing the selection criteria and appointment procedures for the CEO and non-executive members of the Board;
 - g. periodically evaluating the functioning of the CEO, the Executive Management, the non-executive members of the Board and the Board in its entirety and reporting the results thereof to the Board;
 - h. proposing the (re)-election of the CEO and non-executive members of the Board to the Board, to be adopted by the General Meeting;
 - i. supervising the policy of the CEO in relation to the selection and appointment of the Executive Management.
- 1.3 The activities of the Committee may in no way infringe on the statutory authorities of the Board.
- 1.4 The Committee is authorized to request advice from outside experts if it considers this necessary.

2. COMPOSITION

- 2.1 It is desirable that, where possible, the Committee shall consist of three non-executive Board Members.
- 2.2 The Chairman of the Board and the CEO may not be the chairman of the Committee.
The Committee may also not be chaired by a Board Member who is a member of the management board of another Dutch listed company. No more than one member of the Committee shall be a member of the management board of another Dutch listed company.

3. CHAIRMAN

- 3.1. The Board shall appoint one of the Committee members as the Chairman. The Chairman shall be primarily responsible for the proper functioning of the Committee. He shall act as the spokesman of the Committee and shall be the main contact for the Board.

4. COMMITTEE MEETINGS (AGENDA, ATTENDANCE, MINUTES)

- 4.1 The Committee will hold at least one meeting per year and whenever one or more of its members request a meeting. Committee meetings are generally held at the offices of the Company, but may also take place elsewhere.
- 4.2 Members of the Board shall not be invited to participate in the meetings of the Committee, unless the Committee determines otherwise.
- 4.3 Minutes of the meeting shall be prepared by one of the Committee members or a person designated by the Committee. These minutes shall generally be adopted in the next meeting of the Committee. The minutes shall also be signed for adoption by the Chairman of the Committee.

5. REPORTING PROCEDURES

- 5.1 The Chairman of the Remuneration, Appointment and Selection Committee shall report the findings of the Remuneration, Appointment and Selection Committee to the Board from time to time.