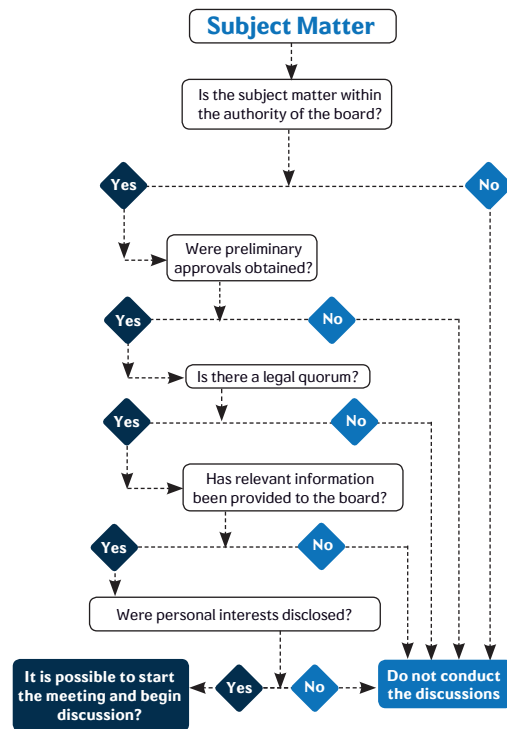
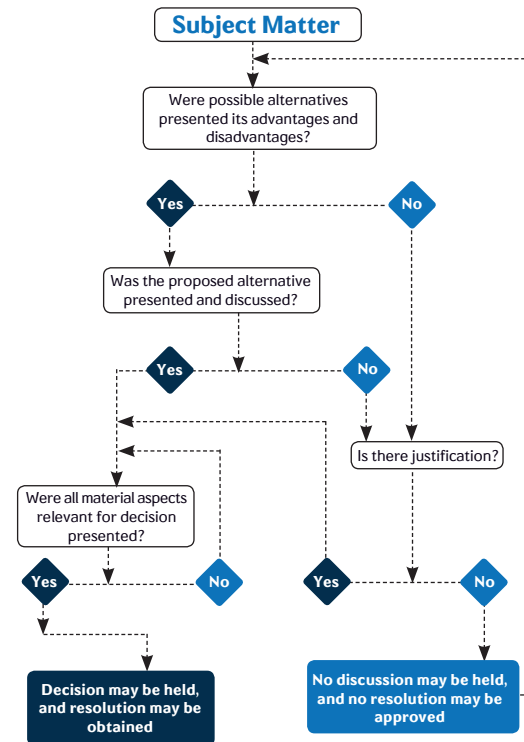


Legal & Regulatory Review prior to the Board Meeting



The Legal & Regulatory Review assist the Board in successfully completing its pre-meeting obligations

Presentation of Alternatives during Board Deliberations



The presentation of relevant alternatives is a basic precondition in an appropriate process of decision making and thereafter, all the material aspects should be presented

Pocket Handbook for Directors

The functions of the Board of Directors and its committees;
The considerations to be taken into account in deliberations of the Board and its committees

Extract from the Board's Effective Model

Developed by Michel Ohayon

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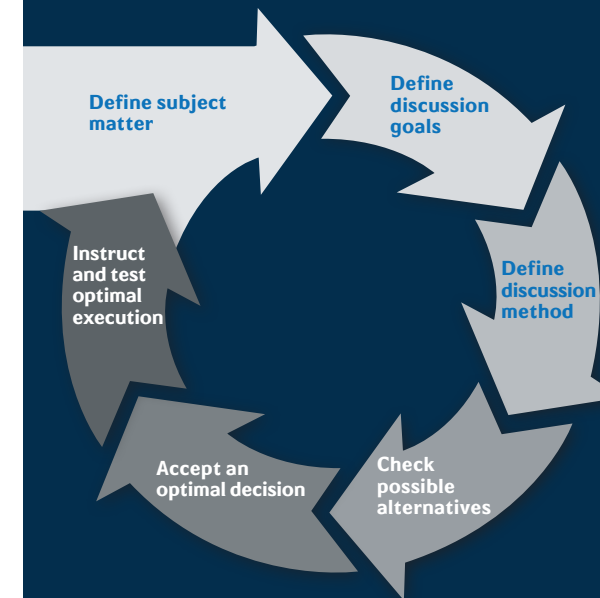
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To obtain hard copies, please contact the above-mentioned e-mail.



THE PRINCIPLE OF THE CIRCULAR PROCESS



Main Functions of the Board of Directors

- Setting forth the Company Policy and determining the Business Strategy, Work Plans and Budgets
- Appointment and dismissal of the General Manager (CEO)
- Supervision of the performance of the General Manager (CEO)
- Determining the Company's organizational structure and its wages and incentive policies
- Responsible for preparation and approval of the financial statements of the Company
- Reporting to the General Meeting of the Shareholders on the state of the Company's affairs and its business results
- Approval of transactions with interested parties and Company officers

Collecting Qualitative Information

Preparation for discussion by the Board of Directors

- Who initiated the discussion
- Who collected the information
- Was professional counseling provided
- Are there conflicts of interest
- Was it possible to decide/perform at an earlier time (prevention)



Suitability of the contemplated action to the Company

- What is the need and what is the goal; matching the goal to the need
- Do the need and goal fit into the Business Strategy of the Company
- Is the timing of the discussion and decision appropriate
- How will the decision and its execution fit into the order of priorities of the Company

Business feasibility

- What are the costs and benefits of the proposed action
- What is the implication of the decision and its cost-benefit
- What alternatives were examined – what are the advantages/disadvantages of each alternative
- Why was the proposed alternative to be brought for approval
- What are the short, interim, and long term implications

Forecast and certainty

- Is there previous experience – ours / others
- What are the optimistic and pessimistic scenarios
- Sensitivity test – What are the influencing parameters, the impact of each parameter and the occurrence probability thereof
- What is the business feasibility – can the Company implement the decision
- When is investment return expected, are there practical ways of realizing it

Internal stakeholders

- Shareholders – majority-minority position/special shareholders
- Position of external directors
- Management's position – is it unanimous
- Employees' position

External stakeholders

- Competitors
- Customers
- Suppliers
- Expected response and preparation: scenarios and response

Regulatory/Legal/Accounting/Taxation Aspects

- Are there regulatory requirements
- Are there special legal aspects
- Are there special accounting aspects
- Are there special tax aspects

The implementation

- What are the stages of implementation
- What are the critical milestones, the alternative milestones
- What is the timeline for implementation
- What are the indicators for successful implementation
- What are the expected implementation difficulties ("bottlenecks") and possible solutions, scenarios and responses
- Are there exit options
- What is the point of no return – P.O.N.R
- Do we have the ability and resources to execute implementation

Reporting and Monitoring

- What is the timing for ongoing and special reports
- What is the format for ongoing reporting

Discussion of Financial Statements

The CFO:

- Cash flow status present and expected
- Gaps between Profit and Loss Statement and the Cash Flow report

The CEO:

- Explanation for deviations from the budget
- What has occurred since the date of the last report
- What is the updated forecast

The Accountant:

- Did the audit generate any special findings
- Were there any material disagreements with management; what were the issues, how were they resolved
- Is the accounting policy consistent with past policy
- Is the policy consistent with that of similar companies in the industry
- Were there disputes with other auditors in the group