

Company's Articles

Eshkolot the Israeli Artists Company for Performers' Rights Ltd.

PC No. 52-004312-6

1. Definitions

In these Articles, the following terms shall have the meaning ascribed alongside them, unless the content requires otherwise:

- 1.1. **“Performing Artist”** – a performer, as defined in the Performing Rights Law.
- 1.2. **“Professional Union”** – an association of Performing Artists acting to promote aims for the best interests of Israeli performers, who meet the threshold conditions determined in the professional union in the framework of these Articles and were recognized by Eshkolot as a professional union in accordance with the provisions of these Articles.
- 1.3. **“General Meeting”** – an annual meeting or extraordinary / special meeting of the shareholders.
- 1.4. **“Eshkolot”** and/or the **“Company”** – Eshkolot the Israeli Artists Company for Performers' Rights Ltd., PC No. 52004312.
- 1.5. **“Performance”** or **“Performances”** – as defined in the Performing Rights Law.
- 1.6. The **“Company's Senior Executives”** – any of the following, jointly and/or severally, any officer as defined in the Companies Law, including members of the Royalties Committee, comptroller, auditing accountant, legal counsel, the secretary and president.
- 1.7. **“Founders Generation”** – members over the age of 65.
- 1.8. **“Young Generation”** – members under the age of 65.
- 1.9. **“External Director”** or **“EXD”** – any director who is not amongst the shareholders of Eshkolot, who meets the thresholds for this matter determined in the Company's Articles and who was appointed by Eshkolot's General Meeting as an external director in accordance with the provisions of these Articles.

- 1.10. **“Mediation Agreement”** – mediation agreement signed in the framework of Derivative Action 38122-07-19 and was validated as a judgment by the District Court in Tel Aviv.
- 1.11. **“Transfer of Rights Agreement”** – the engagement agreement between a Performer and Eshkolot.
- 1.12. **“Rights in a Work”** – the right to perform any work in public, broadcast, make available to the public, lease or the right to receive consideration for any of these foregoing activities, as defined in the Copyright Law.
- 1.13. **“Singer”** – an artist whose primary registered Performances are songs and/or a member whose substantial part of his Performances (at least 25%) are songs and who notified Eshkolot in writing that with matters pertaining to distribution into sectors according to these Articles, he is interested in associating with the sector of singers.
- 1.14. **“Member”** – a Performing Artist who signed a transfer of rights deed on behalf of the Company to collect royalties for him and execute on his behalf and in his name additional activities in the form attached to these Articles as Exhibit “A” and which is approved by the Company’s Board of Directors from time to time.
- 1.15. **“Performing Rights Law”** – Performers and Broadcasters Rights Law, 5784 – 1984, as amended from time to time, and regulations promulgated therefrom.
- 1.16. **“Copyright Law”** – Copyright Law, 5768 – 2007, as amended from time to time, and regulations promulgated therefrom.
- 1.17. **“Companies Law”** – Companies Law, 5759 – 1999, as amended from time to time, and regulations promulgated therefrom.
- 1.18. **“Individual”** – including an individual company where the Performer is the sole shareholder thereof.
- 1.19. **“Represented Party” / “Beneficiary”** – an Individual who performs a Performance or is the rights holder of included in Eshkolot’s repertoire, whether he is a Member of Eshkolot or not.
- 1.20. **“CEO” and/or “Professional CEO** – chief executive officer as defined in article 11 below in these Articles.
- 1.21. **“CEO for Strategic Organization Matters”** – joint CEO for organization, strategic and business development issues, in accordance with the definition set forth below in article ___ of these Articles.

- 1.22. **“User”** – Individual, entity and/or corporation that uses Eshkolot’s repertoire in the scope of its activities, in one or more of the following manners:
 - 1.22.1. Impressions – according to its definition in the Performers Rights Law.
 - 1.22.2. Broadcast – according to its definition in the Performers Rights Law.
 - 1.22.3. Secondary Broadcast – according to its definition in the Performers Rights Law.
 - 1.22.4. Made Available to the Public – as defined in the Copyright Law.
- 1.23. **“Sector”** – Singers or Actors.
- 1.24. **“Relative”** – husband/wife, brother/sister, common law spouse, father/ mother, grandfather/ grandmother, offspring (son/ daughter, grandson/ granddaughter, great-grandson/ great-granddaughter, step offspring, brother’s/ sister’s spouse (in-laws), stepfather/ stepmother, step grandfather/ grandmother, and any offspring’s spouse (i.e., son-in-law, daughter-in-law), even if the offspring is a step-offspring.
- 1.25. **“Extraordinary Majority”** – at least a three-fourths (75%) majority of the votes of the present shareholders at the General Meeting of the shareholders and/or Board of Directors’ meeting, who are eligible to vote and voted, without taking into account abstainee votes.
- 1.26. **“Ordinary Majority”** – a majority of the shareholders at the General Meeting of the shareholders and/or Board of Directors’ meeting, who are eligible to vote and voted, without taking into account abstainee votes.
- 1.27. **“Eshkolot’s Repertoire”** – all Performing rights managed by Eshkolot.
- 1.28. **“Actor”** – a Member whose primary registered Performances are in series, sketches, film, dubbing and/or and/or a Member whose substantial part of his Performances (at least 25%) are in these classifications and who notified Eshkolot in writing that with matters pertaining to distribution into sectors according to these Articles, he is interested in associating with the sector of actors.
- 1.29. **“Royalties”** – as defined in the Performers Rights Law.
- 1.30. The **“Reorganization Period”** – as defined in section 24.1 of the Articles, i.e., 6 years from the date these Articles entered into effect and the appointment of the new Board of Directors.
- 1.31. **“Articles”** – this current version of the Company’s Articles, or as amended, whether express or pursuant to any law.

1.32. “**Companies Regulations**” – regulations promulgated pursuant to the Companies Law.

2. **The Company’s Name**

2.1. In Hebrew – Eshkolot Company for Israeli Performers Rights Ltd.

2.2. In English – **Eshkolot** – Company for Israeli Performers Rights

3. **Interpretation**

3.1. Words referring to the masculine form also include the feminine form.

3.2. Words referring to persons also include legal entities.

3.3. The provisions of Sections 3 – 10 of the Interpretation Law, 5741 – 1981 shall also apply *mutatis mutandis*, to the interpretation of these Articles, if there is no other provision regarding the matter is question and in the absence of the matter in question or its context, when it is inconsistent with the applicability thereto.

3.4. Other than as set forth in these Articles, words and expressions in these Articles shall have the meaning ascribed to them in the Companies Law and/or the Companies Regulations, thereafter the meaning ascribed in any law, unless there is a contradiction to the written text or context thereto.

4. **Private Company**

The Company is a private company as defined in Section 1 of the Companies Law.

5. **Company’s Objectives**

5.1. The Company may engage in any legal business.

5.2. The Company’s main objectives are:

5.2.1. To constitute a corporation for the joint management of right and manage Performance rights of Represented Parties, including collecting license fees and/or any appropriate Royalties, distribution thereof, management of supervision of use in Performances and enforcement of Represented Parties rights in Performances.

5.2.2. Collect compensation for Performing Artists owed to them under any law in connection with the sale of tapes or devices for personal and home use in accordance with the Copyright Ordinance or any other applicable law.

5.2.3. To support an aid fund for Performing Artists in accordance with the provisions of these Articles.

- 5.2.4. To support Professional Unions for Artist in accordance with the provisions of these Articles).
- 5.2.5. The Company may initiate any legal activity to promote the Company's objectives and the Performing Artists' interests, including by way of legislation, regulation, raising public awareness, purchasing a permanent location for the Company and/or any other permissible activity.

6. **The Company's Capital and Shares**

- 6.1. The Company's registered share capital is NIS 100 (one hundred shekels) divided into 100,000 Ordinary Shares, par value NIS 0.001 each.
- 6.2. The Company's paid share capital shall be equally divided among the shareholders.
- 6.3. A limited liability company may not hold any shares.
- 6.4. A share may not be transferred or inherited or encumbered, belongs to the shareholder only and shall expire immediately upon the occurrence of any event noted in article 7.4.
- 6.5. The shareholders liability for any Company debts is limited. The limitation of liability is for the unpaid balance of the share.
- 6.6. All Ordinary Shares have equal rights for all intents and purposes and every Ordinary Share grant its holder the right to be invited, participate and vote in all the Company's General Meeting, both ordinary and extraordinary meetings.
- 6.7. Holdings of any share shall not grant its owner any capital rights in the Company, including the right to receive profits and/or dividend in his capacity as a shareholder and/or the right to receive any consideration upon the liquidation of the Company in his capacity as a shareholder.

7. **Composition of the General Meeting**

7.1. **Number of Shareholders**

The number of the Company's shareholders shall be determined by the Company's Board of Directors from time to time in a manner that shall allow the participation of Performing Artists in making decisions while maintaining the Company's stability, all according to the discretion of the Board of Directors, who is authorized to adopt resolutions about the allocation of new shares and/or transfer of existing shares by an Ordinary Majority.

7.2. **Allocating Shares**

- 7.2.1. Allocation of shares in accordance with article 7.1 (hereinafter: “**Allocation of New Shares**”) and/or transfer of any share to alternate shareholder following its forfeiture in accordance with article 7.4 or any other article of these Articles (hereinafter: “**Transfer of Shares to an Alternate Shareholder**”) shall be executed as follows: no later than February of each calendar year, the Company’s Board of Directors shall publish a declaration to the Company’s Members who meet the threshold conditions set forth in this article only to submit an application to allocate shares in the form decided upon by the Board of Directors together with additional documents decided by the Board of Directors based on the reasons set forth therein (hereinafter: the “**Declaration**”). The Board of Directors shall allocate shares, at its discretion, according to a resolution by an Ordinary majority among the Members who submitted offers according to the Declaration according to reasons that shall be recorded, provided that the following cumulative conditions have been met regarding any person to whom the Board of Directors shall allocate shares:
- 7.2.1.1. He submitted his candidacy by way of the Declaration.
 - 7.2.1.2. He has been a Member three years before submitting the application.
 - 7.2.1.3. He did not commit any offense of moral turpitude and was not convicted by any final judgment.
 - 7.2.1.4. He is not a headquarters employee, one of the Company’s Senior Executives (other than members of the Royalties Committee) or provides services to the Company.
 - 7.2.1.5. The number of minutes of his Performances in one of the two years preceding the Declaration are in the upper median of his Association Group, as defined in these Articles and/or has significantly contributed to Israeli culture and/or promoting the status of a Performing Artist, according to the reasons set forth therein.
 - 7.2.1.6. He is not the spouse and/or son/ daughter of any shareholder.
- 7.2.2. During the Reorganization Period the Allocation of New Shares and/or Transfer of Share to an Alternate Shareholder shall be made after the forfeiture, in accordance with the provisions of article 24, at least once a year.

7.2.3. After the Reorganization Period, the Board of Directors shall decide about the policies for the Allocation of New Shares and/or Transfer of Shares, while maintaining balance between the recommendation from the Founders Generation and the recommendation from the Young Generation, as shall be determined without derogating from article 7.2.1.

7.3. **Selecting a Sector**

7.3.1. An existing shareholder shall be assigned to a Sector after these Articles shall enter into in effect in accordance with **Exhibit "B"** of the Articles.

7.3.2. The Company's attorney shall immediately inform the shareholders of their assignment and the possibility to request a change of Sector in accordance with the provisions of 1.13 or 1.28.

7.3.3. Within 14 days from receipt of the notice, a shareholder may request a change of Sector in accordance with the provisions of 1.13 or 1.28.

7.3.4. At the end of 14 days or after the assignment of the shareholders to a new Sector according to his request, the shareholder may not change his Sector throughout the entire period that he is a shareholder.

7.3.5. In the framework of the application submitted by a member in connection with the Declaration of the Allocation of Shares, the member shall notify which Sector he is interested in being associated with as a shareholder in accordance with the provisions of articles 1.13 or 1.28, if any share is allocated to him. This selection is final, and he shall be assigned to this Sector according to his request and he may not change his Sector throughout the entire period that he is a shareholder.

7.4. **Removing Shareholders**

Upon the occurrence of any of the events specified below, a share held by a shareholder shall be forfeited and he shall be removed from the Company's shareholders register.

7.4.1. Upon the death of a shareholder.

7.4.2. The shareholder committed an offense with moral turpitude and was convicted by a final judgment.

7.4.3. He did not attend 3 consecutive General Meetings. A shareholder who did not attend 2 consecutive meetings, shall receive a warning letter from the Company's attorney. If he did not respond to the warning letter, he shall be removed

immediately and his share shall be forfeited. If he responded to the warning letter and requested to remain at the meeting, he shall have the right to attend the upcoming meeting and prevent his removal. If he also did not attend the third meeting, he shall be removed as a shareholder without any right to appeal and no additional notice, and his share shall be forfeited by the Company. Counting quorum for the meetings where a shareholder is absent shall apply at General Meetings where these Articles approved.

8. **Convening the General Meeting**

8.1. **Time and Place –**

8.1.1. The Company shall convene an annual General Meeting no later than at the end of fifteen months from the last annual meeting.

8.2. **Invitation –**

8.2.1. The Company shall inform the shareholders that a meeting shall convene with at least 21 (twenty-one) days' prior notice and no more than 45 days before the date the meeting shall convene. The proposed agenda and relevant ancillary materials shall be attached to the notice. An additional notice shall be sent to the shareholders 10 days before the meeting shall convene and shall include a final agenda (hereinafter: the "**Notice**").

8.2.2. The Notice shall be sent to the shareholders in at least two of the following manners: SMS, electronic mail or phone call from Company headquarters.

8.2.3. The Notice about convening General Meetings shall include the place and date of the meeting and details about the agenda of the meeting. If the agenda shall include a proposal to amend the Articles, the language of the proposed change shall be specified. The Company's financial statements shall not be attached to the Notice (but rather a summary of the statements only), however it shall be possible to review them during the 21 days preceding the annual meeting at the Company's registered office, during customary office hours, or at any other place and time if any reference was provided in the Notice or according to the provisions of article 18.

8.2.4. Any unintentional omission in the Notice of the shareholders' General Meeting or failure to receive Notice about the meeting or any other notice by any shareholder,

shall not cause the termination of any resolution adopted at the meeting or terminate the proceedings based on the notice.

8.3. **Agenda at the General Meeting**

- 8.3.1. The agenda for any General Meeting, annual or extraordinary, shall be determined by the Board of Directors. The agenda for an Extraordinary Meeting according to any demand in accordance with article 8.5 of the Articles, shall include the issues that the requesting parties were interested in presenting at the meeting.
- 8.3.2. The agenda for the General Meeting shall be determined by the Board of Directors and shall include issues for the purpose that an Extraordinary Meeting is convened according to Section 63 of the Companies Law, and any other as requested according to Section 66(b) of the Companies Law.
- 8.3.3. Resolutions shall be adopted at the General Meeting for issued on the agenda only.
- 8.3.4. The General Meeting may adopt or reject any proposal for a resolution that was on the agenda of the General Meeting and whose language or brief description of its main points was published by the Company, including minor changes, however, it may not adopt a proposed resolution that materially differs from the proposal on the agenda.

8.4. **Annual General Meeting –**

An annual General Meeting shall convene to adopt the following resolutions:

- 8.4.1. Presenting and approving the Company's financial statements and Board of Directors' Report for December 31st for the calendar year preceding the year in which the General Meeting is held.
- 8.4.2. Accepting the report by the Board of Directors about the Company's auditor's fees and reapproval of office or new appointment of another auditor whole providing details about his professional background.
- 8.4.3. Adopting the internal auditor's summary report.
- 8.4.4. Appointment and dismissal of directors in accordance with these Articles.
- 8.4.5. Any other matter included on the agenda as noted in article 8.3.2 of these Articles.

8.5. **Extraordinary Meeting (hereinafter: "Extraordinary Meeting") –**

- 8.5.1. The Board of Directors may convene an Extraordinary Meeting at any time, and it must do so according to a written demand of the auditor and/or in accordance with Section 63(a) of the Companies Law.
- 8.5.2. The agenda for the Extraordinary Meeting shall be determined by the parties requesting that it be convened.
- 8.5.3. An Extraordinary Meeting shall be convened within 21 days from the date that a demand it be convened was sent.
- 8.5.4. An Extraordinary Meeting shall review and adopt any matters with respect to which it was determined that they shall not be reviewed or adopted at the Annual Meeting and or which purpose the Extraordinary Meeting was convened.

8.6. **Participation**

Shareholders eligible to participate and vote at the annual and/or extraordinary General Meeting, shall be Ordinary Shareholders and who are only registered in the Company's shareholders' register when the meeting is convened.

8.7. **Quorum –**

- 8.7.1. No General Meeting shall commence without the present of at least one quarter (25%) of all the shareholders. If there is quorum at the beginning of the meeting, it may continue to review and adopt resolutions even if the number of participating shareholders diminished during the meeting.
- 8.7.2. If at the beginning of the meeting at least one quarter of all the shareholders are not present, the meeting shall be deemed to be postpone without any need for any additional Notice, by half an hour, on the same date and at the same place. At the postponed meeting, those present may convene the meeting with any number of participants without derogating from the necessary majority to adopt resolutions at the General Meeting in accordance with these Articles.

8.8. **Chairman and Secretary**

- 8.8.1. The Chairman of the Board of Directors shall be the chairman of the General Meeting and he may appoint a deputy chairman for the Board of Directors or any other director as the chairman of the General Meeting. In the absence of a chairman, the deputy chairman shall act as the chairman of the General Meeting. In the absence if the chairman and deputy chairman, a chairman for the meeting shall be

selected among the directors present at the meeting and in the absence of any director, the chairman of the meeting shall be selected among the shareholders participating in the vote.

8.8.2. The Company's attorney shall act as the secretary of the General Meeting.

8.9. **Resolutions**

8.9.1. Each shareholder shall have one vote at the General Meeting.

8.9.2. Resolutions at the General Meeting shall be adopted by a majority of votes by the voters, unless the law or these Articles require a different majority for the adoption thereof.

8.9.3. Voting at the meeting shall be open, unless at least 10% of the shareholders present at the meeting, and provided that there are at least 5 shareholders, demanded otherwise for a certain matter on the agenda.

8.9.4. Resolutions adopted at the General Meeting shall be for items specified on the agenda only,

8.9.5. Any resolution to amend the Articles requires and Extraordinary Majority of the General Meeting.

8.9.6. Voting at the meeting is personal.

8.9.7. The vote shall be with a raise of hands, unless for a certain matter it was determined that there shall be a secret ballot, as noted in article 8.9.3 above. Voting to select the Board of Directors shall be conducted in accordance with article 9.3 below.

8.9.8. The votes shall be counted by the secretary of the meeting under the supervision of the legal counsel and internal auditor.

8.10. **Protocol –**

8.10.1. The secretary of the General Meeting shall conduct a protocol of the meeting. The protocol shall include the main points of the discussion and any resolutions adopted by the meeting, shall be signed by the chairman of the meeting, approved by the Board of Directors and published as soon as possible for all the Members, and no later than 30 days after the General Meeting was held.

8.11. **Convening Meetings through Forms of Communication**

Whenever it is not possible to physically convene a General Meeting due to force majeure and/or any instruction by the government and/or Ministry of Health, then the General Meeting may be convened through meetings online, through which all Members participating in the Meeting can hear and see each other simultaneously. Such a decision requires approval from the Company's attorney.

9. **The Company's Board of Directors**

9.1. **General**

9.1.1. The Board of Directors shall outline the Company's policies and supervise the performance of the positions of the Professional CEO and CEO for Strategic Organization Matters and their activities.

9.1.2. Directors shall be selected once every four years at the General Meeting in accordance with the details below and the directors shall serve in office until the end of the meeting that shall convene four years after the meeting during which elections for the Board of Directors took place, unless the position was vacated earlier in accordance with the provisions of these Articles. This article shall enter into effect commencing from the elections that shall take place after the Reorganization Period, when the appointment of the directors during the Reorganization Period shall take place in accordance with the provisions of article __ of these Articles.

9.2. **Composition of the Board of Directors**

The Company's Board of Directors shall consist of eight (8) directors, as follows, when 6 directors shall be among the shareholders, as follows:

9.2.1. Three (3) Members from the Singers Sector who shall be selected by the shareholders of the Singers Sector.

9.2.2. Three (3) Members from the Actors Sector who shall be selected by the shareholders of the Actors Sector.

9.2.3. Provided that a total of 6 directors among the shareholders shall maintain equal representation (50%) of the shareholders among the Founders Generation and the Young Generation.

- 9.2.4. Two (2) External Directors, one shall be recommended by the representing directors of the shareholders among the Founders Generation and the second by the directors representing the shareholders among the Young Generation.
- 9.2.5. Two positions on the Board of Directors shall be reserved for women, provided that one shall not be a shareholder.
- 9.2.6. Subject to the provisions of these Articles, a "Missing Board of Directors" (a Board of Directors with less than 8 directors) shall be competent and authorized for any resolution by the Board of Directors provided that there shall be a balance according to the Association Groups, including by offsetting. It is clarified that the EXD appointed by one of the Association Groups shall be associated to the same association group regarding the balance.

9.3. **Elections to the Board of Directors**

- 9.3.1. The elections for the Board of Directors shall take place at the annual General Meeting once a year, subject to the provisions of article 24. Conducting elections shall appear on the agenda that shall be sent in advance to the Members of the meeting towards the upcoming General Meeting.
- 9.3.2. Submitting candidacy shall be done in writing up to one week before the selected date for the elections. Every candidate shall attach his resume to his candidacy application.
- 9.3.3. Directors shall be selected according to personal elections. In order to be selected, a candidate must receive support of more than 25% of the Members of the General Meeting present and voting at the meeting. If the vote is according to Sectors and/or Association Groups, in order to be elected the candidate must receive the support of more than 25% of the Members belonging to the Sector and/or Association Group (respectively) to which the candidate and those present at the meeting belong to.
- 9.3.4. Elections will be open and with a raise of hands, unless otherwise determined by as set forth below or for a secret vote was requested by the shareholders in accordance with article 8.9.3.

- 9.3.5. If there is a sectorial vote and the number of candidates in of the Sectors was larger than the number of required appointments, there shall be elections according to voting forms, that shall be distributed to the shareholders that have the right to vote for that Sector, when a shareholder present at the meeting for the same Sector, may vote for each of the candidates from the same Sector.
- 9.3.6. Voting forms that include any vote for more than the number of appointments of the same Sector shall be disqualified .
- 9.3.7. Upon the end of the vote, under the responsibility of the chairman of the meeting, and under the supervision of the Company's auditor and legal counsel, eligible votes shall be counted. Candidates who received the majority of votes in accordance with the number of votes required for each Sector shall be appointed to the Board of Directors.
- 9.3.8. In the event that two or more candidates received the identical number of votes, there shall be another vote for them.
- 9.3.9. This article shall enter into effect commencing from the elections that shall take place after the Reorganization Period in accordance with the provisions of article 24, when the composition of the Board of Directors during the Reorganization Period shall be determined in accordance with the provisions of article 24.

9.4. **Election Process for External Directors**

- 9.4.1. The Board of Directors shall recommend to the General Meeting on the appointment of two (2) External Directors in accordance with the provisions of article 9.2.3.
- 9.4.2. The Board of Directors shall aim for such that at least one of the External Directors shall have accounting and financing expertise, as defined in Section 240 of the Companies Law.
- 9.4.3. The External Directors shall be appointed at the General Meeting by an Ordinary Majority of the shareholders present at the meeting. If the General Meeting shall not appoint the any or all of the candidates presented to them, the Board of Directors shall present for approval at the Extraordinary Meeting, that shall take place within 60 days, other candidate/s provided that the balance between the Association

Groups shall be maintained in accordance with articles 9.2.4 and 9.2.6.1 above, namely that each Association Group shall recommend one External Director.

9.4.4. In the event that the office of any External Director has been terminated, his substitute shall be appointed in accordance with the provisions of these Articles at the General Meeting that shall be immediately convened immediately after his resignation date while maintaining balance with the directors recommendation according to the Association Groups.

9.4.5. During the Reorganization Period, the External Directors shall be appointed according to article 24.

9.5. **Qualification Terms for Directors**

9.5.1. Qualification Terms to be Appointed as a Director among Shareholders:

9.5.1.1. He has been a shareholder of the Company for at least thirty six (36) months before the election date and actually (physically) participated in at least 2 General Meetings in the past (including the meeting where he is a candidate for election). This article shall enter into effect commencing from the election date for the Board of Directors that shall take place after the end of the Reorganization Period.

9.5.1.2. He is not an officer (as such term is defined in the Companies Law) with any broadcasting entity or any Royalties company or Professional Union. A director in office shall immediately notify the Company if he is an officer and in such an instance, he shall automatically cease being a director of the Company. This article regarding a Professional Union shall enter into effect six months after the election date for the Board of Directors shall take place when these Articles shall enter into effect, when anyone elected to the Board of Directors undertakes to resign from his position in the Professional Union when this article enters into effect.

9.5.1.3. He shall not be an employee of the Company, shall not grant services to the Company and shall not receive any additional consideration from the Company other than directors' fees.

9.5.1.4. When a director ceased being a shareholder his position as a director shall cease within 60 days.

9.5.2. Qualification Terms to be Appointed as an External Director

- 9.5.2.1. An Israeli resident.
- 9.5.2.2. He has aggregate experience of at least ten years in one of the following areas: economics, accounting, business management, public management, third sector management, law, investments and communications.
- 9.5.2.3. He has aggregate experience of at least three years in any of the following positions: senior position in the management of a corporation, company and/or other institution with a significant business scope; and/or senior officer or senior position in any public service, including quasi-public entities and/or dual entities, in at least one of the following areas: economics, commercial, management or law.
- 9.5.2.4. He is not an officer (as such term is defined in the Companies Law) by any User of Eshkolot's Repertoire or Royalties company or Professional Union. He shall immediately notify the Company when he becomes an Officer and in such an instance his tenure as a director of the Company shall automatically expire.
- 9.5.2.5. A person shall not be appointed as an External Director if he has any Relative, partner, employee or anyone who is directly or indirectly his subordinate or any corporation that he controls on the appointment date or five years that preceded the appointment date, who has any connection with any broadcasting entity and/or Professional Union. For the purposes of this section – "Connection" – shall mean employer relationship, family, any general business or professional rapport and an officer.
- 9.5.2.6. He is not a Beneficiary of the Company, or Relative of any of the Company's Senior Executives and is not a spouse or son/ daughter of any shareholder, and as of the appointment date or two years preceding the appointment date, has not connection to the Company and/or officer of the Company; for the purposes of this section – "Connection" – shall mean employer relationship, family, any general business or professional rapport and an officer.

9.5.2.7. His position or other businesses do not create nor may create any conflict of interest with his position as a director and does not impair his ability to serve as a director.

9.6. **Duration of Office as a Director**

The duration of the office of a director shall be the lapse of a period of 48 (forty eight) months from the date of his appointment (hereinafter: “**Term of Office**”) or until the date the closet annual General Meeting is held that shall take place after the end of the foregoing period, subject to article 24.

9.7. **Termination of the Director’s Term of Office and Dismissal of a Director**

A director (among the shareholders or the External Director) shall end his office or his office shall expire in accordance with the following provisions, subject to and without derogating from the provisions of the Companies Law about the end or expiration of the office of a director.

9.7.1. The Term of Office of a director ended in accordance with the provisions of article 9.6.

9.7.2. The office of a director who was absent from 4 (four) consecutive Board of Directors’ meetings shall cease. The Board of Directors may decide not to terminate the office of an absent director as noted above through a resolution by an Ordinary Majority. The Board of Directors shall provide reasons for their decision.

9.7.3. In accordance with article 9.5.1.4.

9.7.4. The director committed an offense with moral turpitude and was convicted by a final judgment.

9.7.5. The director ceased to comply with the threshold conditions noted in 9.5.1 or 9.5.2, as the case may be.

9.7.6. The Board of Directors recommended, through an Ordinary Majority (provided that both EXD’s supported the recommendation), to the General Meeting about the dismissal of the director based on reasons that were specified and the General Meeting approved the dismissal of the director through an Extraordinary Majority.

9.7.7. The director concluded his position in accordance with one of the foregoing provisions, after the Reorganization Period, the Board of Director shall convene an Extraordinary General Meeting within 30 days from his resignation date to elect a

new director, when the new director shall be elected in accordance with articles 9.3 or 9.4 of these Articles, as the case may be, while maintaining the balance that was determined regarding the composition of the Board of Directors in article 9.2 of the Articles.

9.7.8. A director appointed during any Term of Office, shall remain in office until the next annual General Meeting when general elections shall held for all members of the Board of Directors.

9.8. **Chairman of the Board of Directors**

9.8.1. The Board of Directors shall select a Chairman of the Board of Directors by an Ordinary Majority at its first meeting, and whenever the office for the acting Chairman of the Board of Directors has ceased. The Chairman of the Board of Directors shall be selected from the directors appointed by the shareholders, subject to article 24.

9.8.2. The Chairman of the Board of Directors shall prepare the agenda according to article 9.13, shall manage the Board of Directors meeting and shall authorize the meeting's protocol with his signature after the protocol of the following Board of Directors meeting was approved.

9.8.3. The Chairman of the Board of Directors may participate in any Board of Directors' committee meetings as an observer.

9.8.4. The Board of Directors may terminate the office of the Chairman of the Board of Directors based on extraordinary reasons that shall be specified in the relevant protocol of the Board of Directors meeting, after the Chairman of the Board of Directors was provided with an opportunity to present his position, and after the positions of the CEO, the CEO for Strategic Organization Matters and legal counsel were heard, with an Extraordinary Majority of 75% of all the directors, subject to article 24.

9.8.5. If the Chairman of the Board of Directors resigned from his position and/or was incapacitated from fulfilling his position, the deputy chairman shall act in his place. Notwithstanding, during the Reorganization Period a director representing the Founders Generation shall act in his place as the substitute chairman, who shall be selected by the Founders Generation Representative on the Board of Directors.

9.9. Deputy Chairman and Substitute Chairman of the Board of Directors

- 9.9.1. The Board of Directors shall select a deputy and substitute Chairman of the Board of Directors (hereinafter: the “**Deputy Chairman**”) at its first meeting by an Ordinary Majority, and whenever the term of office for the acting Chairman of the Board of Directors or the acting Deputy Chairman. The Deputy Chairman shall be selected among the directors appointed by the shareholders and the Sector that is not the Sector of the selected Chairman of the Board of Directors.
- 9.9.2. The Deputy Chairman shall fulfill the position of the Chairman of the Board of Directors and manage the Board of Directors meetings in the absence of the Chairman and at his request.
- 9.9.3. The Deputy Chairman may participate in all Board of Directors committee meetings as an observer.
- 9.9.4. If the Deputy Chairman resigned from his position and/or was incapacitated from fulfilling his position, a substitute shall be appointed in accordance with the provisions of article 9.8.1.
- 9.9.5. If a Deputy Chairman of the Board of Directors was not elected by an Ordinary Majority from the Sector that is not the Sector of the Chairman of the Board of Directors, internal elections shall be held to select a Deputy Chairman among the members of the Board of Directors Chairman of the Board of Directors only.
- 9.9.6. The Board of Directors may terminate the office of the Deputy Chairman of the Board of Directors based on extraordinary reasons that shall be specified in the relevant protocol of the Board of Directors meeting, after the Chairman of the Board of Directors was provided with an opportunity to present his position, and after the positions of the CEO, the CEO for Strategic Organization Matters and legal counsel were heard, with an Extraordinary Majority of 75% of all the directors, subject to article 24.

9.10. Transparency of Documents

Ever director shall have the right to review all files, folders, books, accounts and any materials held and possessed by the Company (hereinafter: the “**Materials**”) and the Company’s Senior Executives undertake to transfer the Materials through the CEO. The

CEO must assist the director in performing his position and provide him with news, documents, explanations and any other material required from him, on reasonable dates determined by the legal counsel and no later than seven (7) Business Days.

9.11. **Special Professional Consultation to Directors**

For the proper performance of his position, in extraordinary situations, a director shall be entitled to receive legal consultation, financing consultation or other professional consultation at the Company's expense from consultants that are not among the Company's Senior Executives, provided that coverage for the expensed was approved in advance by the Company's Board of Directors or by an arbitrator in an arbitration proceeding in accordance with article 28.

9.12. **Convening the Board of Directors**

9.12.1. The Chairman of the Board of Directors may convene the of the Board of Directors at any time.

9.12.2. The Chairman of the Board of Directors must convene a meeting at the request of two directors regarding a concrete matter required by the above directors.

9.12.3. The Chairman of the Board of Directors shall convene the Board of Directors according to any demand as noted in article 9.12.3., or if the provisions of Section 122 (d) of the Companies Law have been met due to any notice or report to the Professional CEO or the CEO for Strategic Organization Matters or any notice from the Company's auditing accountant according to Section 169 of the Companies Law.

9.13. **Agenda**

The agenda for the Board of Directors meetings shall be determined by the Chairman of the Board of Directors and shall include:

9.13.1. Matters determined by the Chairman of the Board of Directors.

9.13.2. Matters determined according to article 9.12.

9.13.3. Any matter that any director or the CEO or CEO f for Strategic Organization Matters requested from the Chairman of the Board of Directors be included as part of the agenda, up to seven (7) days before the Board of Directors meeting is held.

9.14. **Board of Directors Meetings**

- 9.14.1. The Chairman of the Board of Directors shall determine the order of activities and discussions of the Board of Directors, subject to the provisions of article 9.13 and any other article of these Articles.
- 9.14.2. The Board of Directors shall determine from time to time the procedures regarding internal and/or external training for the directors.
- 9.14.3. The Board of Directors may conduct meetings through online measures, provided that all participating directors can simultaneously hear each other.
- 9.14.4. The Board of Directors may adopt resolutions without actually convening meetings, provided that all directors agreed to such process in writing.
- 9.14.5. Every director will have one vote during any vote at the Board of Directors. Board of Directors resolutions shall be adopted by an Ordinary Majority unless otherwise determined in these Articles.
- 9.14.6. A director may appoint his power to another director who shall vote in his name and participate in Board of Directors meetings on his behalf.
- 9.14.7. **Resolution Mechanism in the Event of a Tie Vote** (hereinafter: the “**Deadlock Mechanism**”)
- 9.14.7.1. In the event of a tie vote during at a Board of Directors vote, the Chairman of the Board of Directors shall not have an additional and casting vote, and the matter shall be jointly decided by the Chairman of the Board of Directors and the Deputy Chairman of the Board of Directors.
- 9.14.7.2. If the Chairman and Deputy Chairman could not reach an agreement on the matter, the decision shall be presented for arbitration before the Company’s legal counsel who shall act in accordance with articles 28.2, 28.3 and 28.4. The Company’s legal counsel shall transfer the issue to an arbitrator according to article 28, whenever the Company’s legal counsel and/or internal auditor believe that the issue shall place the legal counsel in a conflict of interest.
- 9.14.7.3. It is clarified that section 9.14.7.2 shall not apply when there is no agreement between the Chairman and Deputy Chairman, in any of the

events set forth below, and in such a situation, these resolutions shall require an Ordinary Majority of the Board of Directors.

- A. Approval and/or change of criteria for the mutual aid fund.
- B. Approval of recommendations by the Royalties Committee.
- C. Investment policies for Beneficiaries money that have not yet been distributed and/or located.
- D. Decision to dismiss the Professional CEO and/or CEO for Strategic Organization Matters.

9.15. **Board of Directors Committees**

- 9.15.1. The Board of Directors shall appoint different committees, including Royalties Committee, finance committee (hereinafter: the “**Subcommittees**”). The composition and authorities of the Subcommittees shall be determined according to the protocol adopted by the Board of Directors from time to time. The Board of Directors shall determine the order of the committees activities and discussions.
- 9.15.2. Members of the Subcommittees can be directors, the Company’s Senior Executives and/or experts in the field the Committee operates.
- 9.15.3. The Board of Directors shall determine the fees of the members of the Board of Directors committees, provided that the fee for the meeting shall not exceed the fee of the meeting determined by the General Meeting in accordance with article 9.16.
- 9.15.4. The provisions of article 9.15.3 shall also apply with respect to the Royalties Committee and other committees.
- 9.15.5. The Company’s Senior Executives who receive global compensation for their work (compared to the Company’s Senior Executives who are paid according to the scope of their work and/or according to their activities / meetings, i.e., directors and the Company’s legal counsel) shall not be entitled to any additional fees for their participation in any committee meetings.

9.16. **Directors Fees**

- 9.16.1. Directors' fees shall be determined and approved by the General Meeting, as a global monthly payment or fees according to participation in meetings (as a participant or as an observer).
- 9.16.2. A director of the Company shall not be entitled to receive any additional consideration from the Company for his work with the Company and/or for providing services to the Company.
- 9.16.3. The Board of Directors may decide on providing additional directors' fees to the Chairman of the Board of Directors and the Deputy Chairman of the Board of Directors (and for them only), provided that the additional fees shall not exceed the directors' fees that were determined and approved by the General Meeting. Such a resolution shall be adopted by an Ordinary Majority at the General Meeting and the designated Chairman and Deputy Chairman shall not participate.

10. **The Company President**

- 10.1. The Company's founder, Mr. Eli Gorelitzky, who served as the Chairman and CEO of Eshkolot from its date of incorporation shall be appointed as the president of the Company, without any limitation of time, unless he submits a written request to resign from his position as president of the Company.
- 10.2. The president of the Company shall not be a director of the Company.
- 10.3. The president of the Company may, in the capacity of his position, may provide consultation on the following matters:
- 10.3.1. Strategic matters of the Company.
- 10.3.2. Representing the Company in different conferences.
- 10.3.3. Liaison between the Ministry of Justice in all matters relating to legislative initiatives and regulatory arrangement.
- 10.3.4. He may be an observer on the Board of Directors and/or any committee of the Board of Directors and/or the Company, including the Royalties Committee (without any voting rights).
- 10.3.5. Lectures, tutorials and training regarding Performers' rights.

11. **Chief Executive Officer of the Company (CEO)**

11.1. **Appointment and Dismissal of the Chief Executive Officer**

- 11.1.1. The Board of Directors may select and appoint the Chief Executive Officer of the Company provided that he meets the qualification requirements noted in article 11.2.
- 11.1.2. The Chief Executive Officer's salary and terms of employment shall be determined by the Board of Directors in a way the Board of Directors deems appropriate.
- 11.1.3. The Board of Directors may from time to time remove the Chief Executive Officer from his position or remove him and appoint any other or others in his place.
- 11.1.4. Any decision regarding the appointment or dismissal of the Chief Executive Officer of the Company and any decision regarding the position, powers and terms of employment of the Chief Executive Officer shall be adopted by an Ordinary Majority.
- 11.1.5. The Board of Directors may terminate the office of the Chief Executive Officer, subject to any applicable law, based on extraordinary reasons set forth in the protocol at the Board of Directors meeting regarding the matter, after the Chief Executive Officer was provided with an opportunity to present his position, and after the positions of the Chairman and Deputy Chairman were heard.
- 11.1.6. Any director appointed as the Chief Executive Officer must resign from the Board of Directors and his shareholding in the Company.
- 11.2. **Qualification Terms to be Appointed as the Chief Executive Officer**
- 11.2.1. An Israeli resident.
- 11.2.2. He is not part of the Board of Directors and he is not a shareholder (unless otherwise approved by the General Meeting by an Extraordinary Majority) and he is not a Relative of any of the Company's Senior Executives.
- 11.2.3. He has a degree from a recognized academic institution nu the Higher Education Council.

- 11.2.4. He has aggregate experience of at least ten years in one of the following areas: economics, accounting, business management, public management, third sector management, law, investments and communications.
- 11.2.5. He has aggregate experience of at least three years in any of the following positions: senior position in the management of a corporation, company and/or other institution with a significant business scope; and/or senior officer or senior position in any public service, including quasi-public entities and/or dual entities, in at least one of the following areas: economics, commercial, management or law.

11.3. Powers of the Chief Executive Officer and is Supervised by the Board of Directors

- 11.3.1. The Chief Executive Officer is responsible for the ongoing management of the Company's affairs in the framework of the policies determined by the Board of Directors and subject to its guidelines and in accordance with the powers of the CEO for Strategic Organization Matters in accordance with article ____.
- 11.3.2. The Chief Executive Officer shall have all management and performance powers not granted by any law or the Articles to any other organ of the Company, including in accordance with the powers of the CEO for Strategic Organization Matters in article 24, and any other powers delegated to the Chief Executive Officer, and he shall be supervised by the Board of Directors and subject to the guidelines from the Board of Directors.
- 11.3.3. The Chief Executive Officer shall appoint, accept and dismiss employees, service providers and Company officers. He shall also determine the terms of their employment subject to the powers of the CEO for Strategic Organization Matters and Business Development. It is clarified that the foregoing shall not apply to directors, the internal auditor, legal counsel and/or any other position holder directly appointed by the Board of Directors and which also determined that they shall be directly supervised by the Board of Directors and employees and/or service providers under the responsibility of the CEO for Strategic Organization Matters according to article 24.
- 11.3.4. The Chief Executive Officer shall participate as an observer in all Board of Directors meetings, insofar as he is invited.

- 11.3.5. The Chief Executive Officer shall participate in all Board of Directors meetings, insofar as he is invited, and shall be an observer with the right to provide an opinion.
- 11.3.6. The Board of Directors may instruct the Chief Executive Officer how to act in a certain matter. If the Chief Executive Officer did not obey the instruction, the Board of Directors may exercise the powers required to perform the instruction in his place. The Board of Directors may take powers granted to the Chief Executive Officer for a certain matter or a certain period
- 11.3.7. If the Chief Executive Officer was incapacitated from exercising his powers, the Board of Directors may exercise them in his place or authorize another person to exercise them.

11.4. **The Chief Executive Officer's Reporting Duties**

- 11.4.1. The Chief Executive Officer must notify the Chairman of the Board of Directors about any material extraordinary matter of the Company, or any material deviation by the Company from the policies determined by the Board of Directors. If the Company did not have a Chairman of the Board of Directors for any reason, the Chief Executive Officer shall notify the Deputy Chairman, and if for any reason the Company does not have a Deputy Chairman, to all the directors.
- 11.4.2. The Chief Executive Officer shall submit to the Board of Directors reports on certain matters, on the dates and according to the scope determined by the Board of Directors.
- 11.4.3. The Chief Executive Officer shall report to the Chairman of the Board of Directors, at his request, reports regarding matters of the Company's affairs and proper management.

12. **Secretary and Other Position Holders of the Company**

12.1. **Secretary**

- 12.1.1. The Board of Directors may appoint a secretary for the Company, according to the conditions it shall deem appropriate and determine the areas of his position and powers.

- 12.1.2. If a secretary was not appointed for the Company, the legal counsel shall perform the positions prescribed by the secretary according to any law, these Articles and according to any decision by the Board of Directors.
- 12.1.3. The secretary of the Company shall be responsible for all documents that shall be kept at the Company's registered office, as noted in Section 124 of the Companies Law and shall manage registers managed by the Company according to the law.
- 12.2. **Employees, Service Providers and other Position Holders of the Company**
- 12.2.1. In accordance with article 11.3.2, the CEO may appoint and hire employees and other service providers (hereinafter: "**Headquarters Employees**"), the CEO shall appoint any employee or service provider and define their positions and powers and shall also determine their salaries and terms of employment. It should be noted that the provisions of this article shall not apply with respect to the legal counsel and CEO for Strategic Organization Matters who are directly supervised by the Board of Directors.
- 12.2.2. During the Reorganization Period, the CEO for Strategic Organization Matters may appoint Headquarters Employees for whom he is responsible and he shall determine their salaries and terms of employment according to article 24.
- 12.2.3. The Board of Directors may decide that in addition to the Professional CEO, the CEO for Strategic Organization Matters, secretary, president, and other officers noted in these Articles, including substitute officers who shall be appointed by the Board of Directors, whether in a general or specific manner (hereinafter: "**Executive Officers**"). In such an instance, the Board of Directors shall appoint the Executive Officer, define his position and powers and determine his salary and terms of employment.
- 12.2.4. Any Headquarters Employee and/or Executive Officer shall not be:
- 12.2.4.1. A Relative of any Company's Senior Executives.
- 12.2.4.2. A shareholder.
- This subsection shall not apply to shareholders employed by the Company on the date these Articles enter into effect.

13. **The Auditor**

13.1. The annual General Meeting shall appoint an accountant for a period until the end of the next annual General Meeting.

13.2. The General Meeting may, at any time, terminate or fail to renew the office of the accountant.

13.3. The Board of Directors shall approve the fees for the Company's auditor and shall report this to the Company's General Meeting

13.4. The Board of Directors shall approve the fees for the Company's auditor for additional services that are not auditing activities and shall report this to the Company's General Meeting.

13.5. The manner of the appointment and determined the roles of the accountant will be according to Chapter Five of the Companies Law.

13.6. **Qualification Terms to Appoint the Company's Auditor:**

13.6.1. A person shall not be appointed as the Company's auditor if he has any Relative, partner, employee or anyone who is directly or indirectly his subordinate or any corporation that he controls on the appointment date or five years that preceded the appointment date, who has any connection with any broadcasting entity and/or Professional Union. For the purposes of this section – "Connection" – shall mean employer relationship, family, any general business or professional rapport and an officer.

13.6.2. He is not a Beneficiary of the Company, or Relative of any of the Company's Senior Executives and is not a spouse or son/ daughter of any shareholder, and as of the appointment date or two years preceding the appointment date, has not connection to the Company and/or officer of the Company; for the purposes of this section – "Connection" – shall mean employer relationship, family, any general business or professional rapport and an officer.

14. **The Company's Legal Counsel**

14.1. The Board of Directors shall appoint the Company's legal counsel and determine his salary.

- 14.2. The Company's legal counsel shall be an attorney registered with the Israeli Bar Association and has at least ten (10) years' experience as an attorney and with proper experience and expertise in Performer's rights.
- 14.3. The legal counsel shall grant legal services to the Company's Senior Executives, the Company's committees, jointly and/or severally to the directors, Headquarters Employees and aid fund for any matter required to perform the Company's position under these Articles and any applicable law; the legal counsel shall opine for any request by any shareholder, if it has been deemed as necessary for the performance of the Company's roles and nothing contained in the provision of the opinion shall place him in a conflict of interest.
- 14.4. The Board of Directors may at any time and subject to any law, with the recommendations of the CEO for Strategic Organization Matters and the Professional CEO terminate or fail to renew the legal counsel's position office with an Ordinary Majority, provided that both EXD's support the decision.
- 14.5. The Board of Directors shall determine the fees for the Company's legal counsel for additional activities not included in article 14.3.
- 14.6. The Board of Directors, with the recommendations of the CEO for Strategic Organization Matters, may hire the services of additional and other attorneys and/or legal counsel the performance of activities enumerated and activities that are not enumerated in article 14.3, including but not limited to, article 9.10, unless otherwise determined by the Board of Directors based on reasons that shall be recorded.
- 14.7. Qualification Terms to be Appointed as the Company's Legal Counsel
- 14.7.1. A person shall not be appointed as the Company's general counsel if he has any Relative, partner, employee or anyone who is directly or indirectly his subordinate or any corporation that he controls on the appointment date or five years that preceded the appointment date, who has any connection with any broadcasting entity and/or Professional Union. For the purposes of this section – "Connection" – shall mean employer relationship, family, any general business or professional rapport and an officer.

- 14.7.2. No person shall be appointed as the general counsel if he is a Beneficiary of the Company and/or Relative of any of the Company's Senior Executives and is not a spouse or son/ daughter of any shareholder, and as of the appointment date or two years preceding the appointment date, has not connection to the Company and/or officer of the Company; for the purposes of this section – "Connection" – shall mean employer relationship, family, any general business or professional rapport and an officer.
- 14.7.3. No person shall be appointed as the legal counsel of the Company if he was convicted of a severe disciplinary offense by the Israeli Bar Association.

15. **Signatory Rights**

- 15.1. The Board of Directors shall authorize, by way of a written resolution, signatory rights amongst the Company's Senior Executives, who shall be authorized to sign documents on behalf of the Company, and which shall be binding. They shall be the Company's authorized signatories.
- 15.2. The CEO shall be one of the authorized signatories and his signature together with the signature of another authorized signatory who shall be appointed among the Company's Senior Executives shall be binding on every Company document and/or undertaking.
- 15.3. During the Reorganization Period, the additional authorized signatory to the Professional CEO shall be the CEO for Strategic Organization Matters.

16. **Manners of Representation**

- 16.1. The Company shall manage the represented parties' rights according to a rights transfer deed according to resolutions by the Board of Directors and subject to any applicable law.
- 16.2. The form of the rights transfer deed is attached hereto as Exhibit A and shall be updated from time to time by the Company and approved by the Board of Directors and legal counsel.
- 16.3. The rights transfer deed may be amended or terminated by the Company in accordance with the provisions of any law and the provisions of these Articles.

17. **Management of Rights and Distribution of Revenues**

- 17.1. The Company shall grant licenses to use Performers' rights.

- 17.2. The Board of Directors shall determine from time to time Eshkolot's rates and criteria which shall be determined according to the provisions of the law.
- 17.3. The Company shall collect Royalties from Users which are due for the provision of licenses and transfer them to represented parties after deducting overhead costs.
- 17.4. The index for distribution of Royalties shall be determined according to professional criteria only, including criteria relating to its type, use, right or Sector in accordance with the Board of Directors' resolutions with the recommendation of the Royalties Committee, as shall be adopted from time to time and the terms of the activities.
- 17.5. The Board of Directors shall approve from time to time protocols for maintaining Royalties amounts until their distribution to Beneficiaries, including the manner and method of the investment of the money and activities required to locate the Beneficiaries.

18. Managing Accounts and Publishing Financial Statements

- 18.1. The Company shall prepare and publish accounting information in accordance with the provisions of the law. The Company shall not send copies of the financial statements to its members.
- 18.2. A director shall receive financial statements for review following his request.
- 18.3. Any shareholder interested in reviewing the Company's financial statements may review them at the Company's office (including with any attorney and/or accountant on his behalf) or receive a hard copy for his review, following prior coordination and the execution of a confidentiality undertaking in the form attached hereto as "Exhibit C" to these Articles, and constitutes an integral part hereto (hereinafter: "**Confidentiality Undertaking**"), unless the Company decided to permit the delivery of the financial statements to shareholders based on reasons set forth in the law.
- 18.4. Any shareholder and/or director may use an expert with accounting and/or financial and/or legal expenses (hereinafter: the "Expert"), which is not at the Company's expense, who shall examine the financial statements for him, provided that the Expert shall sign the Confidentiality Undertaking. A person shall not be appointed as an Expert if he has any Relative, partner, employee or anyone who is directly or indirectly his subordinate or any corporation that he controls on the appointment date or five years that preceded the appointment date, who has any connection with any broadcasting

entity and/or Professional Union. For the purposes of this section – “Connection” – shall mean employer relationship, family, any general business or professional rapport and an officer.

19. **Appointing the Internal Auditor**

19.1. Once every three years, the Board of Directors shall appoint an internal auditor. The internal auditor shall not serve more than two terms, three (3) years each.

19.2. A person shall not be appointed as the Company’s internal auditor if he has any Relative, partner, employee or anyone who is directly or indirectly his subordinate or any corporation that he controls on the appointment date or five years that preceded the appointment date, who has any connection with any broadcasting entity and/or Professional Union and/or the Company’s Senior Executives. For the purposes of this section – “Connection” – shall mean employer relationship, family, any general business or professional rapport and an officer.

19.3. No person who is a Beneficiary of the Company shall be appointed as the internal auditor.

19.4. No person shall be appointed as the internal auditor of the Company if he was convicted of a severe disciplinary offense by the Israeli Bar Association.

19.5. The provisions of Sections 3(a), 8, 9, and 14(b) and (C) of the Internal Auditing Law, 5752 – 1992 shall apply to the internal auditor.

19.6. The internal auditor shall submit the annual work plan for review by the Board of Directors.

19.7. The Board of Directors by way of an Ordinary Majority may impose on the internal auditor to conduct an internal audit, in addition to the work plan, for matters that require urgent review.

19.8. The internal auditor shall review, *inter alia*, the propriety of the activities of the Company, and all its institutions, with respect to complying with the law and proper business procedure, including (but not limited to):

19.8.1. If the Company’s expenses were made within the scope of the approved budget and for the purpose for which they were designated.

19.8.2. If every revenue and expenditure have the proper documents.

- 19.8.3. Is the Company's money and property being protected in a satisfactory manner.
- 19.8.4. The level of compliance with the provisions of these Articles and the provisions and guidelines provided under law.
- 19.8.5. Are the activities being performed according to the instructions by the competent authorities.
- 19.8.6. What is the level that the resolutions are being adopted according to the manner in which they must be adopted.
- 19.8.7. The integrity of the institutions, the Board of Directors, the committees, the Company's Senior Executives, officers and Headquarters Employees and additional selected officers under these Articles.
- 19.8.8. Auditing Professional Unions in accordance with these Articles.
- 19.8.9. Auditing activities of the aid fund.
- 19.8.10. Any other matter that the internal auditor believes must be examined.
- 19.9. The internal auditor shall have free access to all documents, accounts and any other material held by the Company, its authorities and officers thereof. All the Company's authorities, officers and employees must assist the internal auditor in performing his role and provide him with information, documents, explanations and any other materials required from them, on the reasonable dates to be determined by the internal auditor.
- 19.10. The internal auditor shall submit an annual report detailing his findings to the Board of Directors and will submit periodic reports, as the case may be, and a summarized report to the annual General Meeting.
- 19.11. Appointment Process for the Internal Auditor
 - 19.11.1. The Board of Directors shall set up an internal locating committee to locate an internal auditor that shall be composed of two EXD's, the Chairman of the Board of Directors and the Deputy Chairman of the Board of Directors (hereinafter: the "Auditor Locating Committee").
 - 19.11.2. The Auditor Locating Committee shall present to the Board of Directors the final candidate for its approval.

- 19.11.3. If the Board of Directors did not approve the candidate, the Auditor Locating Committee shall present another candidate to the Board of Directors within 30 days.
- 19.12. Termination of the Internal Auditor's Office shall apply in any of the following events:
- 19.12.1. The term of office ended in accordance with article 19.1.
- 19.12.2. The internal auditor died.
- 19.12.3. The internal auditor submitted his resignation.
- 19.12.4. The internal auditor does not comply with the threshold conditions set forth in article 19.2.
- 19.12.5. The internal auditor committed an offense with moral turpitude and was convicted by a final judgment.
- 19.12.6. A resolution by the Board of Directors to terminate his office in accordance with article 19.12.
- 19.13. Dismissal or Termination of the Internal Auditor's Office
- 19.13.1. The internal auditor's office shall not be terminated without his consent, and he shall not be suspended from his position, unless otherwise decided by the Board of Directors through an Ordinary Majority (with the approval of two EXD's) and after the Internal Auditor was provided with an opportunity to present his position to the Board of Directors.
- 19.13.2. When the internal auditor's position ended in accordance with articles 19.12 or 19.13, the Auditor Locating Committee shall immediately began the location process and shall present internal auditor candidates for approval by the Board of Directors within 60 days.
- 19.13.3. If there is no internal auditor, the Company's legal counsel shall fulfill this position, however, not for a period that shall exceed 90 days.

20. Distribution of Royalties Proceeds and Rights

- 20.1. All amounts collected by the Company as Royalties in accordance with the Performers Rights Law, and which were not distributed, shall be recorded on behalf of the Beneficiary's account according to the reports Eshkolot received from the Users and/or sources from which they received these amounts (hereinafter: the "**Beneficiaries Accounts**").

- 20.2. After deducting the Company's expenses related to the collection and distribution of the Royalties, the performance and management of the Company's business and activities, and after deducting the amounts determined by the Board of Directors as support for the Professional Unions and/or the aid funds, the amounts shall be distributed according to the decisions of the Royalties Committee.
- 20.3. If a represented party received Royalties from the Company with a Royalties account (hereinafter: the "**Account**") and he did not notify of his lack of consent to the statements of the Account within 36 months from the date the Account was received (hereinafter: the "**Period**"), his lack of response shall be deemed consent to the accuracy and completeness of the Account. If an Account holder objected to the statements of the Account at the end of the Period, the burden of proof and burden of evidence shall be placed on him before the appellate committee. The Company shall inform the represented parties regarding this instruction.
- 20.4. The Company, through its authorized signatories, may invest the Beneficiaries proceeds in a solid investment to maintain the fund and secure profits. The finance committee shall approve from time to time the manner in which the proceeds are invested and the duration of the investment term considering the anticipated date for the distribution of the proceeds to the Members, in accordance with the protocols approved by the Company's Board of Directors from time to time.

21. **The Royalties Committee**

21.1. **The Role of the Royalties Committee**

The role of the Royalties Committee (the "**Royalties Committee**") is to advise the Company's Board of Directors regarding the distribution of Royalties between the Beneficiaries and regarding changes to the Royalties rules, and review and decide, while applying the Royalties rules, specific questions and requests from Artists regarding the distribution of the Royalties.

21.2. **Guidelines to Determine Protocols for Gathering, Maintaining, Managing and Distributing Money Maintained for the Beneficiaries (hereinafter: the "Distribution Protocol")**

- 21.2.1. From time to time, the Company receives Royalties designated for distribution to some Beneficiaries.
- 21.2.2. The Royalties Committee shall formulate from time to time transparent, equal and specific rules regarding the Distribution Protocol relating to the type, use, right, Sector, etc. These rules shall be approved by the Board of Directors. It is clarified that the Board of Directors may adopt the recommendations of the Royalties Committee and/or amend them with an Ordinary Majority based on extraordinary reasons provided that they shall be recorded.
- 21.2.3. If the Distribution Protocol was set/ updated (hereinafter: the “**Update**”), the Company shall publish the Update for all the Beneficiaries and other relevant interested parties, as in effect from time to time, for purposes of transparency and to provide the right to appeal or comment about the Update (hereinafter, respectively and as the case may be: the “**Comments**” or “**Publication of the Update**”).
- 21.2.4. The Royalties Committee shall convene 30 days after the Publication of the Update to review the Comments, if applicable, and shall support its recommendations, according to its discretion, and they shall be sent for approval by the Board of Directors, whose decision shall be final (hereinafter: “**Additional Review of the Update**”).
- 21.2.5. The Board of Directors is authorized to decide, with the recommendation of the Royalties Committee, that in the event that there are any decryption costs for User reports and their input into the Company’s reports do not meet the appropriate ratio for the Royalties distributed between the uses set forth in the reports, the distribution of the Royalties shall take place by way of a sampling and/or any other appropriate manner. The sampling shall be prepared by the Company and approved by the Board of Directors and the Royalties Committee.
- 21.2.6. The Distribution Protocol, specified distribution rules and resolutions by the Royalties Committee shall be published on an updated basis for the

Beneficiaries on the Company's website, and the distribution of proceeds shall be reported to the relevant Beneficiaries for such distribution.

21.3. Composition and Selection of the Royalties Committee –

- 21.3.1. The Company's CEO, who shall serve as the Chairman of the Committee during the Reorganization Period.
- 21.3.2. The CEO for Strategic Organization Matters.
- 21.3.3. Two representatives on behalf of the Board of Directors – a Singer and an Actor.
- 21.3.4. One representative on behalf of each of the largest Professional Unions, provide that one is a Singer and one is in an Actor.
- 21.3.5. The Board of Directors may, with the recommendation of the Royalties Committee appoint additional ad hoc entities to the Royalties Committee in order to review principal issues with an extended panel (hereinafter: the "**Extended Panel**"), provided that the Extended Panel shall maintain the balance between the Sectors and both largest Professional Unions.
- 21.3.6. The Royalties Committee shall select a chairman who shall manage the committee meetings and approve its agenda.
- 21.3.7. The Royalties Committee's order of work shall be arranged in a work protocol to be determined by the Company's Board of Directors.

21.4. Appellate Committee for Royalties Issues

- 21.4.1. The Board of Directors shall appoint an appellate committee who shall review appeals of represented parties against any decision of the Royalties Committee.
- 21.4.2. The role of the Royalties appellate committee (the "**Appellate Committee**") is to review and decide, while applying the Royalties rules, appeals filed against the decisions of Royalties Committee, specific questions and requests of Artists regarding the distribution of Royalties.
- 21.4.3. Every represented party that disagreed with any decision by the Royalties Committee in his regard may appeal the decision by the Royalties Committee before the Appellate Committee within 45 days from the date he received the Royalties Committee's decision.

- 21.4.4. The number of members of the Appellate Committee will be as determined from time to time by the Company's Board of Directors and shall not be less than three members. The Company's legal counsel shall serve as the chairman of the Appellate Committee, provided that the committee will have the complete balance of the Sectors and Association Groups.
- 21.4.5. After hearing the claims by the appellant and the Company, the Appellate Committee shall be authorized to review and rule upon the appeal.
- 21.4.6. A Professional Union may represent the Beneficiary before the Royalties Committee and the Appellate Committee.
- 21.4.7. The Appellate Committee shall prepare protocols for proceedings at Appellate Committee meetings, and the Company shall keep them at its office for a period of seven years from the date of the meeting. All protocols of the Appellate Committee shall be sent to the Board of Directors. Subject to any law, in order to maintain free discussions of the committee, the protocols shall not be published, however the Board of Directors and/or the Royalties Committee may allow certain third parties to review them, at their discretion. Participants in the Appellate Committee or Beneficiaries who filed appeals are entitled to review protocols pertaining to them.
- 21.4.8. Resolutions by the Appellate Committee shall be detailed, and the Company shall send the decision to the Artists regarding their matters.
- 21.4.9. The Appellate Committee shall be considered an arbiter and its decision shall be final for all intents and purposes.
- 21.4.10. The Appellate Committee's order of work shall be arranged in a work protocol to be determined by the Company's Board of Directors.

22. **Mutual Aid Fund for Artists**

22.1. The Company's Board of Directors may decide that a certain percentage of the Company's revenues from Royalties, and no later than 5%, shall be donated to an aid fund to be operated by a designated nonprofit organization for this purpose (hereinafter: "**Mutual Aid Nonprofit Fund**").

22.2. **The Corporate Structure of the Mutual Aid Nonprofit Fund**

- 22.2.1. It shall be a nonprofit organization with an updated proper management approval.
- 22.2.2. It shall be determined in the Nonprofit Fund's articles that the nonprofit organization's managing committee shall be the Company's Board of Directors and/or Members appointed by the Company's Board of Directors, provided that the Mutual Aid Nonprofit Fund's managing committee shall maintain the balance of the Association Group, all subject to article 24.
- 22.2.3. The Mutual Aid Nonprofit Fund's articles shall prescribe that the Mutual Aid Nonprofit Fund selected by the Company's Board of Directors, subject to article 24. The chairman of the Mutual Aid Nonprofit Fund shall not have a casting vote in a tie vote.
- 22.2.4. The Mutual Aid Nonprofit Fund's articles shall prescribe that the Mutual Aid Nonprofit Fund's auditing entity shall be the Company's internal auditor.
- 22.2.5. The Mutual Aid Nonprofit Fund shall set up an aid committee that will review aid applications from Beneficiaries according to the criteria and approve donations to underprivileged Artists (hereinafter: the "**Aid Committee**"). The Aid Committee shall be composed of the Company's directors and/or other Members appointed by the Company's Board of Directors, provided that the Aid Committee shall maintain the balance of the Association Groups.
- 22.2.6. The signatory rights holders of the Mutual Aid Nonprofit Fund shall be the signatory rights holders of the Company according to article 15.
- 22.3. **Criteria to Distribute Aid Proceeds (hereinafter: "Distribution Criteria"):**
- 22.3.1. The Mutual Aid Nonprofit Fund's managing committee, with the approval from the Company's legal counsel, shall determine clear, equal and transparent criteria to distribute aid proceeds to underprivileged Artists.
- 22.3.2. The Distribution Criteria and application access methods shall be published for all Beneficiaries on the Company's website.
- 22.3.3. Any Beneficiary may submit an aid application.

22.3.4. Headquarters Employees, the Company's Senior Executive and shareholders of the Company shall be precluded from filing an aid application.

23. **Professional Unions**

23.1. **Professional Union for the Company's Affairs**

The Company may recognize the nonprofit organization as a Professional Union, provided that the nonprofit organization complies with all the following aggregate conditions (hereinafter: the "**Threshold Conditions**"):

- 23.1.1. Members of the nonprofit organization, at least 1,000 people who are Beneficiaries of Eshkolot.
- 23.1.2. It shall be a nonprofit organization with an updated proper management approval.
- 23.1.3. One of the primary goals registered in the nonprofit organization's articles or incorporation documents is the operation of a certain type of Professional Union or for all types of Performing Artists.

23.2. **Recognizing the Nonprofit Organization as a Professional Union**

- 23.2.1. Any nonprofit organization interested in being recognized as a Professional Union shall submit a written application to the Company's Board of Directors in the form that shall be determined by the Board of Directors and submit to the Company's Board of Directors all documents required to recognize the protocol that shall be determined by the Board of Directors.
- 23.2.2. The Board of Directors shall recognize a nonprofit organization as a Professional Union, provided that it complies with all Threshold Conditions. The Board of Directors may decide not to recognize a nonprofit organization who does not comply with Threshold Conditions as a Professional Union with a majority of at least five (5) directors based on reasons that shall be recorded and sent for review by the requesting nonprofit organization.

23.3. **Financial Support of a Professional Union**

- 23.3.1. The Board of Directors shall determine transparent, clear and equal criteria for the financial support of Professional Unions based on activities executed by a Professional Union to promote the Company's objectives and activities (hereinafter: "**Professional Union Support Criteria**"). Professional Union Support Criteria shall be published for Beneficiaries.
- 23.3.2. According to the foregoing, the Board of Directors may at its discretion decide to support a Professional Union, provided that it meets the Professional Union Support Criteria and an agreement was signed with the Professional Union to provide support that defines the activities executed by the union to promote the Company's objectives (hereinafter: the "**Support Agreement**"), provided that the Profession Union undertakes to perform the following actions in the framework of the Support Agreement:
- 23.3.2.1. To execute explanation activities to its members about the Company and its activities.
- 23.3.2.2. To secure in the scope of the framework agreements, collective agreements and personal agreements it prepares that the Performers' right and Performing Artists' rights are protected, as well as the Company's right to collect Royalties.
- 23.3.2.3. To aid the Company to locate Beneficiaries entitled to Royalties payments,
- 23.3.2.4. To aid the Company and assist in public causes to maintain and enforce the Performers' rights.
- 23.3.3. The Support Agreement shall be approved by the Company's Board of Directors by an Ordinary Majority and shall be published for the Beneficiaries on the Company's website and the website for the supported Professional Union.
- 23.3.4. Once a year, the internal auditor shall review the Professional Union's compliance with the terms of the Support Agreement. For this purpose, the supported Professional Union shall provide the internal auditor with access to all files, documents, books, accounts and any other in the union's

possession, relating to the Support Agreement. This stipulation shall be secured in the Support Agreement.

- 23.3.5. The support amount shall be brought to the knowledge of the Members at the annual General Meeting and/or financial statements.
- 23.3.6. The total support amount for all unions shall not exceed 3% from the annual amount designated for distribution that the Company set the previous year for the support year.
- 23.3.7. It is clarified that in order to prevent the concerns for the appearance of any conflicts of interest regarding decisions by the Board of Directors regarding Professional Unions, it is clarified that the Board of Directors' resolutions in these matters require approval from the Company's legal counsel.

24. **The Reorganization Period**

24.1. In order to enable the Company to complete the necessary organizational changes in the Company in an audited manner and in order to secure consecutive organization and management of the Company and industrial peace which are of great significance, it was agreed in the framework of the mediation agreement that there would be a reorganization period of 6 years from the appointment date of the new Board of Directors, which is also the approval date of these Articles (above and hereinafter: the "**Reorganization Period**"). Notwithstanding the provisions in these Articles, the following provisions shall apply during the Reorganization Period:

24.2. **Composition of the General Meeting and Adding Shareholders**

- 24.2.1. During the Reorganization Period, the Company's Board of Directors shall allocate additional shares in accordance with the arranged procedures in the new Articles (hereinafter: "**Allocation of Shares**"), while maintaining the balance of the allocations between the Founders Generation and Young Generation, according to the following format:
- 24.2.1.1. Until January 2022 – 10 new shares shall be allocated (so that there will be a total of 110 shareholders).

- 24.2.1.2. Until January 2023 – 10 new shares shall be allocated (so that there will be a total of 120 shareholders).
- 24.2.1.3. Until January 2024 – 10 new shares shall be allocated (so that there will be a total of 130 shareholders).
- 24.2.1.4. Until January 2025 – 10 new shares shall be allocated (so that there will be a total of 140 shareholders).
- 24.2.1.5. Until January 2026 – 6 new shares shall be allocated (so that there will be a total of 146 shareholders).
- 24.2.1.6. Until January 2027 – 4 new shares shall be allocated (so that there will be a total of 150 shareholders).

24.2.2. The parties agree that the Allocation of new Shares during the Reorganization Period shall be done in an equal manner, namely, during any Allocation of new Shares, half of the new shares shall be allocated to the shareholders in accordance with the recommendation by the directors who are representatives of the Founders Generation and half of the new shares shall be allocated to the shareholders in accordance with the recommendation by the directors who are representatives of the Young Generation, all subject to such that at any stage during the Reorganization Period at least a ratio of 2:1 shall be maintained among the Founders Generation (including shareholders who were recommended by their representatives on the Board of Directors) and shareholders among the Young Generation (including shareholders who were recommended by their representatives on the Board of Directors).

24.2.3. The parties agree that the transfer of forfeited shares from removed shareholders in accordance with article 24 to an alternate shareholder during the Reorganization Period shall be done while maintaining the balance and relativity determined between the Association Groups with a 2:1 ratio among the recommending parties from the directors of the Founders Generation and the recommending parties from the directors of the Young Generation. It is agreed that for every 3 forfeited shares transferred from

shareholders that were removed in accordance with the new Articles, 2 shares shall be transferred to the shareholders in accordance with the recommendation by the directors representing the Founders Generation and 1 share shall be transferred to the shareholders in accordance with the recommendation by the directors representing the Young Generation (hereinafter: “**Relative Distribution**”), all subject to such that at every stage during the Reorganization Period a ratio of at least 2:1 shall be maintained among the shareholders of the Founders Generation (including shareholders who were recommended by their representatives on the Board of Directors) and the shareholders from the Young Generation (including shareholders who were recommended by their representatives on the Board of Directors).

- 24.2.4. It is agreed that the Relative Distribution shall occur until a total of 27 shares are forfeited to all recommending parties on behalf of both Association Groups in a manner where 9 shares thereof shall be transferred to the recommending parties of the Young Generation. The existing 28th share that shall be transferred and the forfeited shares transferred thereafter, until the end of the Reorganization Period, shall be transferred to the alternate shareholder who were recommended by the directors of the Founders Generation only.
- 24.2.5. It is agreed that the existing transferred shares shall not be counted in accordance with articles 24.2.3 and 24.2.4. Existing shares are allocated according to the provisions of articles 24.2.6 and 24.2.8.
- 24.2.6. It is agreed that a shareholder who was recommended by the directors of a certain Association Group to be removed from the shareholders and whose shares were forfeited in accordance with the provisions of these Articles, his forfeited share shall be transferred to the alternate shareholder recommended by the directors representing the same Association Group.
- 24.2.7. It is agreed that to the extent that any of the requesting shareholders in Derivative Action 38122-07-19 shall be removed in the future and his share shall be forfeited in accordance with the provisions of these Articles, his

forfeited share shall be transferred to the alternate shareholder recommended by the directors representing the Young Generation.

- 24.2.8. It is agreed that to the extent that any of the shareholders among the Young Generation who were present at the General Meeting that took place on January 17, 2020, shall be removed in the future and his share shall be forfeited in accordance with the provisions of these Articles, his forfeited share shall be transferred to the alternate shareholder recommended by the directors representing the Young Generation. On the other hand, it is also agreed that it to the extent that any of the shareholders among the older generation who were present at the General Meeting that took place on January 17, 2020 (other than the shareholders noted in article 24.2.6), shall be removed in the future and his share shall be forfeited in accordance with the provisions of these Articles, his forfeited share shall be transferred to the alternate shareholder recommended by the directors representing the older generation.
- 24.2.9. It is agreed that the Company's Board of Directors shall appoint a team who will formulate, while consulting with the Company's legal counsel, protocols for criteria to Allocate Company Shares to Members.

24.3. **Expanding and Changing the Composition of the Board of Directors**

- 24.3.1. Notwithstanding the provision in article 9.2., during the Reorganization Period, the following shall serve on the Company's Board of Directors (the "New Board of Directors"):
- 24.3.1.1. Three (3) representatives from the Founders Generation, who were recommended by Eshkolot's acting Board of Directors (hereinafter: the "Current Board of Directors") and IUPA (hereinafter: the "Founders Generation's Recommendations").
- 24.3.1.2. Three (3) representatives among the Young Generation, who are recommended by Shaham, provided that one of them has at least 25% recorded Performances in Dubbing and one is a woman (hereinafter: the "Young Generation's Recommendations").

- 24.3.1.3. Two (2) External Directors (EXD's), when one shall be recommended by the Young Generation's Recommendations, and one a woman, shall be recommended by the Founders Generation's Recommendations.
- 24.3.1.4. The Chairman of the New Board of Directors shall remain in office throughout the entire Reorganization Period (6 years).
- 24.3.1.5. If a director among the Founders Generation ended his position during the Reorganization Period, a director shall be appointed among the Founders Generation by the remaining directors of the Founders Generation.
- 24.3.1.6. If a director among the Young Generation ended his position during the Reorganization Period, a director shall be appointed among the Young Generation by the remaining directors of the Young Generation.

24.3.2. **Management of the Company during the Reorganization Period**

- 24.3.2.1. The Company's CEO during the Reorganization Period in accordance with article 11 of these Articles, who shall be recommended by the representative of the Young Generation and approved by the Company's Board of Directors.
- 24.3.2.2. When the Professional CEO concluded his position, for any reason, during the Reorganization Period, another CEO shall be in appointed in his place, who was recommended by the directors representing the Young Generation and approved by the Company's Board of Directors.

24.4. **Organizational Changes in the Company and the Appointment of the CEO for Strategic Organization Matters and Business Development**

- 24.4.1. During the Reorganization Period, the Company shall have a CEO for Strategic Organization Matters and Business Development (above and hereinafter: the "CEO for Strategic Organization Matters") who shall lead the Reorganization team and act in close collaboration with the

Company's legal counsel to cause reforms and changes in the Company's organs, including the reorganization of the organizational and management structure of the Company in accordance with the new Articles and the law, definition of roles, formulating work procedures, accompanying the Board of Directors, etc., and additional activities to execute the necessary changes to lead and direct the Company in complex challenges in the upcoming years, during the term of office for the New Board of Directors throughout the entire Reorganization Period (hereinafter: the "**Reorganization Team**").

- 24.4.2. When decisions are adopted to prepare reforms and material change in the Company and before approval by the New Board of Directors, the Professional CEO shall receive from the CEO for Strategic Organization Matters a detailed review and he may present his opinion and suggestions on the matter.
- 24.4.3. The CEO for Strategic Organization Matters shall be appointed by the Current Board of Directors. His powers and definition of the position are attached hereto as **Exhibit D** to these Articles.
- 24.4.4. If the CEO for Strategic Organization Matters ended his position during the Reorganization Period, for any reason, another CEO for Strategic Organization Matters shall be appointed who was recommended by the directors representing the Founders Generation and approved by the Company's Board of Directors.

25. **General**

- 25.1. Subject to article 8.2.2, the Company may deliver a notice to every shareholder according to the address that appears in the shareholders register, or any other address provided to the Company, by registered mail, facsimile, electronic mail or personal delivery.
- 25.2. The Company shall act in accordance with the provisions of the Companies Law for any matter not arranged in these Articles.

26. **Exemption, Insurance, Indemnity**

- 26.1. The Company shall not insure the liability of any officer nor shall it indemnify any officer unless in accordance with the provisions of this chapter and subject to the provisions of the Companies Law.
- 26.2. The Company may exempt in advance an officer from liability, wholly or partially, due to damages duty to a breach of cautionary duties according to the provisions of the Companies Law, as amended from time to time, and in effect on the date the exemption is granted.
- 26.3. The Company may indemnify an officer retrospectively and undertakes in advance to indemnify an officer, with respect to any liabilities, expenses and matters which the Company is permitted to indemnify officers with respect thereto, in accordance with the provisions of the Companies Law and according to any applicable law permitting to do so as amended from time to time on the date the indemnification was requested.
- 26.4. The Company may enter into an insurance contact for an officer's liability, with respect to any to any liabilities, expenses and matters which the Company is permitted to insure the liability of the officers with respect thereto, in accordance with the provisions of the Companies Law and according to any applicable law permitting to do so as amended from time to time on the date the insurance contract was signed.
- 26.5. Decisions regarding providing exemptions, insurance, indemnity or providing an undertaking to indemnify a director and/or officer who is not a director shall be adopted subject to the law.

27. **Winding Up**

- 27.1. Upon the winding up of the Company, whether voluntary or in any other manner, the following provisions shall apply:
- 27.2. Performers rights that the Beneficiaries granted to the Company in the framework of the Transfer of Rights Deed shall be reverted to their owners or legal heirs.
- 27.3. After the Company's debts were repaid, any of the Company's surplus assets (other than the Performers rights) shall be distributed between the Company's Beneficiaries in accordance with every Beneficiary's relative share in the Royalties paid by the Company during a period of 10 years that preceded the winding up according to the existing information in the Company's registries.

- 27.4. The surplus assets (including Beneficiaries' proceeds not located) shall be transferred according to the instructions of the court, for public purposes determined by the court as being closest to the Company's objectives.
- 27.5. The Company's shareholders shall not be entitled, during the winding up, to any of its assets, solely in their capacity as being shareholders.

28. **Arbitration**

- 28.1. The disputes set forth below shall be resolved by an arbitrator:
- 28.1.1. A dispute between Eshkolot and a Member who requested to be a shareholder and was rejected and/or any shareholder whose share was taken from him.
- 28.1.2. Any disputes between Eshkolot's directors and any disputes between the directors themselves resulting from their capacity as directors, including any matter relating to the termination of the office of an Eshkolot director, subject to article 9.14.7.
- 28.1.3. Any dispute between Eshkolot's Board of Directors and a Professional Union.
- 28.2. Any arbitration proceeding in accordance with sections 28.1.2 and 28.1.3 shall be financed by the Company.
- 28.3. The provisions of the Arbitration Law, 5728 – 1968 shall apply to the arbitration proceeding. Nothing contained in this article shall negate from the Company, shareholders, Members of Beneficiaries the right to apply to any competent court or derogate from any right granted to them according to the provisions of any applicable law.
- 28.4. The arbitrator shall detail his decisions, shall be subject to the material law, however, shall not be subject to rules of procedure and evidentiary rules.
- 28.5. The arbitrator's identity shall be mutually agreed upon by the parties, and in the absence of consent, the arbitrator shall be appointed by the District Court in Tel Aviv according to a motion by the Company.