



CHARTER OF THE AUDIT AND ACCOUNTING BOARD COMMITTEE

1. Functions and responsibilities of the Committee in its capacity as Accounting Committee
 - (a) Prior to approval of financial reports by the Board, the Accounting Committee shall review and discuss, together with Management and the independent auditors, the main issues relating to estimations and assessments made in connection with such financial reports; internal controls and disclosure controls and procedures relating to financial reporting; completeness and adequacy of disclosure in the financial reports; adopted accounting policy and accounting treatment implemented in material matters of the Company; valuations, including underlying assumptions and assessments thereof, on which discussions in the financial reports are based.
 - (b) Following the foregoing, to deliver its written recommendation to the Board regarding approval of the financial report, within a reasonable time prior to the relevant Board discussion, and report to the Board of any flaw or problem found during review of the financial reports.
 - (c) The Committee shall review the type and manner of presentation of information included in the financial reports, and in particular non-GAAP information, and shall in general review to the extent required the type of financial information and forecasts provided to analysts and rating agencies.

2. Functions and responsibilities of the Committee in its capacity as Audit Committee
 - (a) The Committee shall make a recommendation for the appointment of the Company's independent auditors, subject to approval by the General Meeting of Shareholders, as well as the appointment of any other accountancy firm to be engaged by the Company for the purpose of preparation or publication of audit reports or carrying out other audit, review or services for the Company, and shall oversee the work of such auditors. In appropriate cases, the Committee shall also recommend the termination of engagement with such firm. The said auditors shall report directly to the Committee. With derogating from U.S. legal provisions and the provisions of the New York Stock Exchange (NYSE), the Board is authorized to determine the agenda of the said General Meeting, and to determine its position in a matter requiring its approval, all in accordance with the provisions of Israeli law.
 - (b) The Committee shall conduct pre-approval of audit and non-audit services (including fees and terms relating thereto) provided to the Company by the independent auditor(s), in accordance with the procedures and policy regarding pre-approval, as determined by the Committee. The Committee may delegate its pre-approval authority to one of more Committee members, provided that those thus authorized shall fully present approvals issued in such manner before the Committee in its next meeting.
 - (c) The Committee shall assess the qualifications, performance and independence of the independent auditor(s), and hold periodic meetings with them for the purpose of ongoing oversight, based on an annual report provided to the Committee by such auditor(s), which shall include, among other things, a description of: (a) internal quality control procedures of the auditors; (b) any material issue arising within (1) the most recent quality control review, conducted internally, through peer review or by the Public Company Accounting Oversight Board (PCAOB) with regard to such auditors; or (2) an inquiry or investigation conducted by any governmental or professional authority over

the last five years in connections with one or more of the independent audits carried out by such auditors; and (c) actions taken in order to handle dependence issues in the context of non-employment of employees or former employees of the auditors in a manner conforming with PCAOB requirements, insofar as such employment may harm the auditors' independence. Furthermore, the Committee must ascertain periodic rotation of the leading partner in charge of external audit, as well as examine, from time to time, whether replacement of such auditing firm as a whole is required and determine policy regarding employment engagement between the Company and employee or former employees of the auditors. The Committee shall present to the Board its conclusions regarding the independence of the auditors.

- (d) The Committee shall discuss the difficulties that occurred, if any, before the auditors during their auditing work, including any restrictions imposed on the scope of their activity or access to information they require, and any dispute arising with management, and shall resolve such dispute, if any.
- (e) The Committee shall review significant issues included in the reports of the Company's auditors, which were classified significant flaws or material weaknesses, which may reasonably be assumed as having an effect on the Company's ability to record, process, summarize and report financial information, as well as any fraud relating to Management and other Company employees performing a significant role in internal control of financial reporting, and the steps taken to handle such issues. The Committee may request the Internal Auditor to perform a designated audit of a certain matter, to the extent it determines that a certain matter requires examination, and review the actions taken in such matter.
- (f) The Committee shall review significant matters included in the reports of the Company's auditors that indicate significant issues in the field of financial reporting and judgment exercised in connections with preparation of the financial reports, including analysis of the effects that use of alternative GAAP methods would have on the financial reports; the Company's policies and critical accounting estimates; the effect of regulatory and accounting initiatives, as well as off balance sheet transactions, on the Company's financial reports, and all material issues relating to accounting and financial report presentation practices, including any significant change made by the Company in the selection or implementation of accounting practices.
- (g) The Committee shall set procedures pertaining to the receipt, recording, and handling of complaints received by the Company in matters of accounting, internal accounting controls or audit, and pertaining to confidential, anonymous reporting by Company employees regarding concerns pertaining to controversial accounting or audit matters.
- (h) The Committee shall make recommendations to the Board regarding the appointment of the Company's Internal Auditor, and in the appropriate case, regarding termination of engagement therewith. In addition, it shall make recommendations regarding the Internal Auditor's compensation and oversee their work.
- (i) The Committee shall approve, and recommend that the Board approves, the annual or periodic workplan of the Internal Audit unit, including the scope of current and future internal audit plans and procedures for the implementation of recommendations made, to the extent the Committee sees fit, and also review the Company's Internal Audit array and performance of the Internal Auditor, and whether they are furnished with the resources and means they require to perform their function, while noting, among other things, the Company's distinct needs and scale.

- (j) The Committee shall review significant issues included in the reports of the Company's Internal Auditor and rated severe. The Committee may request the Internal Auditor to perform a designated audit of a certain matter, to the extent it determines that a certain matter requires examination.
- (k) The Committee shall determine arrangements regarding the manner of handling Company employee complaints pertaining to flaws in its business management, and regarding the protection provided to employees making such complaints.
- (l) The Committee shall review and discuss, once a year, the Company's significant risks, as well as the Company's risk assessment and management policy and plans for the mitigation thereof, including monitoring the actions taken by Management to manage and mitigate the risks. The Committee is tasked with ensuring the Company's compliance with regulatory requirements, including approval of the Company's compliance programs and any material change thereto, to the extent provided in such compliance programs, and shall also oversee, implement and receive periodic updates regarding implementation of such compliance programs, to the extent provided in such compliance programs.
- (m) The Audit Committee shall adopt, once a year, criteria for determination whether certain actions are considered material and whether transactions are considered extraordinary or ordinary, and may, for such purpose, reaffirm the transaction classification procedure already in place in the Company, or make amendments thereto. With respect to transactions and/or actions classified by an entity other than the Audit Committee and in accordance with the said criteria, the Internal Auditor shall conduct a sample examination and present their findings for review by the Audit Committee once a year. Transactions and/or actions not classified in accordance with the procedure shall be classified by the Audit Committee.
- (n) The Audit Committee shall adopt, once a year, criteria for classification of non-extraordinary transactions as negligible, and may, for such purpose, reaffirm the negligible transaction classification procedure already in place in the Company, or make amendments thereto.
- (o) The Audit Committee shall decide whether to approve transactions or actions with interested parties classified as extraordinary or material, subject to the requirements of the Companies Law, SEC, and NYSE.
- (p) The Audit Committee shall determine the obligation to hold a competitive process regarding transactions with controlling shareholders or with any other person in which a controlling shareholder has personal interest (as provided in Section 270(4) of the Companies Law) ("**Transactions with Controlling Shareholders**"), including transaction that are not extraordinary transaction, to be held under supervision of the Audit Committee or under the supervision of any person appointed for such purpose by the Committee. The Audit Committee may determine other procedures the must be taken prior to the Company's engagement in such transactions, all dependent on the nature of such transaction. For this purpose, the Audit Committee may determine criteria on an annual basis.
- (q) The Committee shall deliver periodic reports to the Board. Such report shall include review of issues arising in connection with the quality or reliability of the Company's financial reports, the Company's compliance with legal or regulatory requirements, the independence and performance of the Company's auditor(s), performance of the Internal

Audit array, and any other matter which the Committee believes should be included therein or which the Board requested be included therein.

- (r) Furthermore, to exercise any other power vested in the Committee under law, relevant legislation and by virtue of the Company's Articles of Association (including, but not limited to, classifying a director as independent director, approvals under the Companies Regulations (Reliefs in Transactions with Interested Parties), 5760-2000; the Companies Regulations (Reliefs for Companies whose Securities Are Listed for Sale in a Foreign Stock Exchange), 5760-2000, and so forth).

Committee Membership and Practices

2.1 Membership:

The Committee. The Board shall determine the identity of Committee members, who shall number at least three (3), and composed of external and/or independent directors only, who meet the independence requirements of Israeli and U.S. law. All external directors shall be appointed members and the majority of its members shall be independent directors. At least one Committee member shall be a financial and accounting expert and financial expert of the Audit Committee, in accordance with Israeli and U.S. law, respectively, and all other relevant legal requirements regarding the composition of the Committee shall apply.

2.2 Meetings:

The Audit Committee shall hold meetings each year as required by law, and as it deems necessary to perform its duties. The Audit Committee shall examine flaws in the business management of the Company, among other things by way of consultation with the Company's Internal Auditor or independent auditor(s) and propose to the Board ways to address them. In case the Audit Committee finds a flaw to be material, it shall hold at least one meeting with respect to such flaw, in which shall attend the Internal Auditor or independent auditor(s), as the case may be, and in accordance with the provisions of the Companies Law in such matter. The Internal Auditor may request to convene the Committee to discuss a specific matter, and upon receiving such request the Committee's chairperson shall convene such meeting within a reasonable time of receiving such request, provided that the Committee's chairperson is of the opinion that convening such a meeting is sufficiently justified.

The Audit Committee shall once a year hold a discussion regarding self-assessment of the Committee's work and deliver a report of such assessment to the Board.

The Audit Committee shall hold separate periodic meetings with Management, with the Internal Auditor and with the independent auditor(s) as it sees fit and as required to perform its duties.

2.3 Participation in Committee Meetings in its Capacity as Accounting Committee:

The required quorum in meetings of the Audit and Accounting Committee is a majority of Committee members, provided that a majority of the attending members comprise of independent directors, of whom at least one is an external director.

Directors who are not members of the Accounting Committee may be present at meetings during the presentation of the financial reports, provided that only those whose presence is permitted by law shall be present during discussion and decision-making.

2.4 Participation in Committee Meetings in its Capacity as Audit Committee:

The required quorum in meetings of the Audit and Accounting Committee is a majority of Committee members, provided that a majority of the attending members comprise of independent directors, of whom at least one is an external director.

Persons not authorized to serve as members of the Audit Committee shall not be present during discussion and decision-making, unless the chairperson of the Committee that their presence is required to present a certain matter; however, a Company employee who is not a controlling shareholder or relative thereof, may be present at Committee meetings during discussion, provided that decisions are made in their absence. Notwithstanding, the General Counsel and Company Secretary (who are not a controlling shareholder or relative thereof) may be present during both discussion and decision-making, if so requested by the Committee.

- 2.5 The Company's Internal Auditor shall be given notice of Committee meetings and be entitled to attend them. Notices regarding Committee meetings in its capacity as Accounting Committee shall be given to the Company's independent auditor(s), who shall be entitled to attend them.

2.6 Committee Advisors:

The Committee shall have the power (without requiring Board approval for such purpose) to retain the services of legal, accounting and other advisors to the extent they are vital to the performance of its duties, and may request any officeholder or employee of the Company or of the Company's external law firm or external auditor firm, to meet with any member of the Committee or its advisors, and the Company shall allocate the Committee adequate funding, as determined by the Committee, to pay the fees of an accounting firm whose services were retained to prepare an audit report or carry out any audit, review or other services for the Company; the fees of advisors retained by the Committee; and current administrative expenses that are necessary or appropriate for the performance of the Committee's duties, all while giving notice to the Chairperson of the Board.