



Notes to the agenda for the extraordinary general meeting of shareholders ("General Meeting") of Kardán N.V. ("Company") on August 25, 2015

Agenda item 2

Appointment of Mr. Marsman as non-executive member of the Board (*decision*)

As part of the Company's debt settlement with its debenture holders, Series A and B (the "Debenture Holders"), as signed on July 2, 2015 ("Debt Settlement"), it was agreed that the Debenture Holders would propose three candidates out of which one candidate would be selected by the Board to propose to the General Meeting of Shareholders to be appointed as a non-executive member of the Board.

The Debenture Holders proposed three candidates to the Company as agreed, and the Company's Remuneration, Appointment and Selection Committee conducted interviews with all three candidates, assessed their qualifications and competences and assessed whether they could present a useful addition to the Board's present and desired composition. The Committee eventually recommended to the Board to propose Mr. Bouke Marsman to the General Meeting of Shareholders for appointment. The Board, having considered the Remuneration, Appointment and Selection Committee's recommendation, accepted said proposal.

The proposal is, in accordance with the nomination of the Board, to appoint Mr. Marsman as non-executive member of the Board for a term of four years, ending at the end of the annual general meeting of shareholders to be held in 2019. As Mr. Groen has offered to step down from the Board per this appointment, the Board will remain to comprise of nine members, eight of whom are non-executive members. In accordance with the Debt Settlement, Mr. Marsman will also join the Remuneration, Appointment and Selection Committee and will serve as a member of the board of Kardán Land China Ltd.

Within seven days of the appointment, Mr. Marsman will provide the Company with a letter, according to which he will undertake to submit his resignation immediately upon certain relief conditions, as specified in the Debt Settlement, having been met.

It is explicitly noted that, even though Mr. Marsman's nomination stems from a proposal of the Debenture Holders, he shall not represent the Debenture Holders and is to act in accordance with the interests of the Company in the same way as the other Board members do. As such, he has his own responsibilities being a member of the Board, which stem from, amongst others, the Dutch Civil Code, the Company's articles of association and all other applicable Dutch and Israeli legislation.

Mr. Marsman has a master in chemical engineering and an MBA from IESE Business School in Barcelona. He started his career as a business analyst at Arthur D. Little. After this, Mr. Marsman had several positions at McKinsey & Company, lastly serving as Associate Principal. At present, Mr. Marsman is President at Spotzer Media, an internet marketing firm dedicated to providing effective yet affordable internet marketing solutions to small and local enterprises globally.



Mr. Marsman is an experienced business professional who, with his analytical skills and investigative nature, is expected to make a sound contribution to the present Board.

The personal details of Mr. Marsman are as follows:

Date of birth	15 March 1974
Nationality	Dutch
Present positions	President of Spotzer Media
Past positions	Associate Principal (junior partner) at McKinsey & Company Engagement Manager at McKinsey & Company Associate at McKinsey & Company Business Analyst at Arthur D. Little
Number of shares in Kardán N.V.	nil

Agenda item 3

Determination remuneration Mr. Marsman (*decision*)

The proposal is, to approve the annual remuneration of Mr. Marsman, subject to the shareholders approving his appointment, as follows:

- EUR 26,000 for membership of the Board
- EUR 8,000 for membership of the Remuneration, Appointment and Selection Committee

The remuneration is in line with the Company's Remuneration Policy as amended and approved by the shareholders at the Annual General Meeting of May 28, 2015.

Agenda item 4

Remuneration CEO/ executive member of the Board (*decision*)

The proposal is, to approve a revision of the current remuneration package of the Company's CEO, Mr. Oren, the main items of which are described below.

In the AGM of 2012, the shareholders approved the remuneration package of the CEO, which, in short, entails an annual fixed remuneration¹ of approximately EUR 437,000², an option package constituting 2% of the outstanding share capital at the time ("**Current Options**") and the possibility for the Board to, upon its sole discretion, grant the CEO an annual bonus for each calendar year, based on his achievements during the relevant year and taking into account his total remuneration package (a proposal, if applicable, will be submitted to the General Meeting of Shareholders for approval)(jointly the "**Current Remuneration Package**").

¹ Including acceptable social benefits, car, cellular telephone, etc.

² Actual costs are higher than the approximate EUR 437,000, due to exchange rate differences and CPI adjustments.



The Remuneration, Appointment and Selection Committee consisting of three independent non-executive and non-controlling directors of the Board ("**RAS Committee**"), reviewed the Current Remuneration Package and compared it to the remuneration of other executive officers of listed companies in the Netherlands. Further, it has taken into account the challenges that lay ahead for the Company and the major achievements of the CEO to date, particularly with respect to the sale of various assets and obtaining the approval of a final debt settlement with the Debenture Holders, the increase in equity and the profit over book year 2014 and a more positive outlook on the Company's ability to meet its financial obligations in the years to come. Concluding, the RAS Committee deemed that it is critical for the Company to ensure that the CEO is and remains adequately incentivized and advised the Board accordingly.

The Board, having considered the recommendation of the RAS Committee, proposes to amend the long term variable remuneration package, and to define the 2015 short term variable remuneration subject to the approval by the EGM 2015 on 25 August 2015, as follows:

Agenda item 4a

Determination short term variable remuneration of the CEO/ executive member of the Board (*decision*)

It is proposed that the CEO's variable remuneration for 2015 will consist of a short term incentive in the form of an annual bonus of the Euro equivalent of USD 300,000 (gross) as at the date of payment and will be conditional upon the achievement of specified targets. The Board, upon confirmation by the RAS Committee that, in its judgment the targets have been met, will confirm the annual bonus, based on the mandate granted by the shareholders upon the approval of this proposal, and grant the bonus to the CEO.

Agenda item 4b

Amendment long term variable remuneration of the CEO/ executive member of the Board (*decision*)

The CEO's long term incentive will be in the form of share options. It is proposed that Mr. Oren will be granted options to purchase ordinary shares in the share capital of the Company as follows ("**New Options**"):

- the total number of options to be granted represents 2% of the outstanding issued share capital (after their issuance) prior to any issuance of shares to the Company's Debenture Holders pursuant to the Company's Debt Settlement as signed on 2 July, 2015.

It is possible that part or all of the options will be granted to the CEO according to the terms of section 102 of the Israeli Tax Ordinance, 1961 ("Section 102") in capital gain route, at the discretion of the CEO.

The exercise price is the average closing price of the Company's share at the Tel Aviv Stock Exchange during three months prior to 30 June 2015 (the "**Effective**



Date") or the average closing price of the Company's share at the Euronext Amsterdam during the three months ended on the Effective Date (the "**Exercise Price**"), depending on the place of grant of the options, at the discretion of the CEO. Accordingly, the Exercise Price amounts to EUR 0.2807 or NIS 1.191 per option.

The CEO will have the right to choose either: (1) payment of the full Exercise Price and receive the number of ordinary shares of the Company equal to the amount as specified above; or (2) a "cashless exercise" according to which, in lieu of the payment of the full Exercise Price, the CEO elects to convert the New Options into a number of shares on a 'net issuance' basis. In this case, the CEO will be entitled to receive ordinary shares of the Company (the "**Allocated Shares**") which will be equal in value to the benefit component of the exercised New Options at the time of exercise, plus the nominal value of the Allocated Shares, against a consideration in the amount of the nominal value of the Allocated Shares. Note, that in this case, the Purchase Price won't be actually paid, but used only for calculating the benefit component.

The vesting schedule will run from the Effective Date. The CEO will be entitled to exercise:

- 50% per 31 December 2016 (the "**First Portion**")
- 50% per 30 June 2018 (the "**Second Portion**")

Each vested option may be exercised as of its vesting date for a period of four years from the Effective Date (the "**Exercise Period**"), all subject to the provisions of Section 102, if applicable.

The following conditions shall apply, which are similar to the conditions applicable to the Current Options:

- Mr. Oren is the CEO of the Company at the time of vesting.
- Upon termination of employment or consultancy agreements of the CEO, during the first year as of the Effective Date, the New Options shall expire, without any further right to compensation.
- Upon termination of employment or consultancy, following a year after the Effective Date and until December 31, 2016, the CEO will be entitled to exercise a relative part of the First Portion in relation to the period from the Effective Date and until the termination date.
- Upon termination of employment or consultancy as of the Effective Date, after December 31, 2016, the CEO will be entitled to exercise all the vested options and the relative part of the Second Portion, from December 31, 2016 up to the termination date.
- In the event of termination for cause (as it will be defined in the option grant and/or the award agreement) as of the Effective Date, the entire unexercised portions (whether vested or not) shall expire, without any further right to compensation.

The option plan will include additional details regarding exercise of the options, taxation, adjustments due to dividend distribution and preferred shares, etc.



It is noted that the New Options deviate from the Dutch Corporate Governance Code (the “Code”) in respect of the following:

- Mr. Oren can exercise 50 % of the New Options after 1.5 years. The Code prescribes that options may not be exercised within three years from the date of the grant;
- the grant of the New Options is not linked to pre-defined, measurable targets;
- the Exercise Price is based on a longer period than prescribed by the Code (i.e. not more than five trading days prior to and including the date of the grant)

The Board is of the opinion that the nature of the option schedule is such that Mr. Oren will only benefit in case of a good long-term performance of the Company. Further, it is in the interest of the Company to keep Mr. Oren incentivized in the coming years which, in the opinion of the Board, justifies deviating from the Code.

A precondition for the grant of the New Options is that Mr. Oren waives his rights to the Current Options.

It is further noted that no changes are proposed to the fixed remuneration as part of the Current Remuneration Package.

Amsterdam, July 14, 2015

The Board