



**CONVENIENCE TRANSLATION**  
**The Hebrew version is the binding version**

**STRAUSS GROUP LTD.**  
**(The “Company”)**

October 3, 2017

Messrs  
The Israel Securities Authority  
Via MAGNA

Messrs  
Tel Aviv Stock Exchange Ltd.  
Via MAGNA

Dear Sir/Madam:

Re: **Immediate Report Regarding the Convening of an Annual General and Special Meeting of the Company**

In accordance with the provisions of the Companies Law, 1999 (the “**Companies Law**”), the Securities Regulations (Periodic and Immediate Reports), 1970 (the “**Reporting Regulations**”), the Companies Regulations (Written Votes and Position Statements), 2005 (the “**Voting Regulations**”), the Securities Regulations (Transaction between a Company and a Controlling Shareholder Therein), 2001 (the “**Controlling Shareholder Regulations**”) and the Companies Regulations (Notice and Announcement of General Meetings and Class Meetings in Publicly Owned Companies and Addition of an Item to the Agenda), 2000 (the “**Notice and Announcement Regulations**”), an Immediate Report is hereby given with regard to the convening of an Annual General and Special Meeting of the Shareholders of the Company, which shall be held on Wednesday, November 8, 2017 at 3:00 p.m. at the offices of the Company at 49 Hasivim Street, Petach Tikva (the “**Meeting**”).

1. **Items on the Agenda and Proposed Resolutions**

- 1.1 Discussion of the Annual Financial Statements of the Company and the Board of Directors’ Report for the year ended December 31, 2016, published by the Company on March 28, 2017 (reference no. 2017-01-025621) (the “**2016 Periodic Report**”), with no resolution being passed.



- 1.2 Reappointment of the auditor – in light of their experience and professionalism, reappoint KPMG Somekh Chaikin of 17 Ha'arba'a Street, Millennium Tower, Tel Aviv as the Company's auditors until the next Annual General Meeting; empower the Board of Directors of the Company to determine their fee for 2017 and report on their fee for 2016 (for information on the auditor's fee for 2016, see the Board of Directors' Report Regarding the Company's Business Position, which is attached to the 2016 Periodic Report).

Proposed resolution: “**Appoint KPMG Somekh Chaikin of 17 Ha'arba'a Street, Millennium Tower, Tel Aviv as the Company's auditors until the next Annual General Meeting, and empower the Board of Directors of the Company to determine their fee for 2017**”.

- 1.3 Reappointment of directors – reappoint Ms. Ofra Strauss, Arie Ovadia and Mr. David Mosevics, who are retiring by rotation in accordance with the provisions of the Articles of Association of the Company, as directors of the Company. The directors' terms and conditions of office shall remain unchanged, as set forth in section 2 of this report (subject to the amendment of the letter of undertaking of indemnification, as provided in the proposed resolution in section 1.5.1 of this convening report).

Proposed resolution (to clarify, the vote with respect to each candidate for the office of director shall be held separately): “**Reappoint Ms. Ofra Strauss, Arie Ovadia and Mr. David Mosevics, who are retiring by rotation in accordance with the provisions of the Articles of Association of the Company, as directors of the Company**”.

- 1.4 Amendment of the Articles of Association of the Company

1.4.1 Approve the amendment of Article 67.1 of the Articles of Association of the Company, such that notice of a General Meeting may be posted on the Company's website (in lieu of publication in two widely distributed daily newspapers, published in Israel in the Hebrew language, further to the amendment of the Notice and Announcement Regulations) and to change the word "announcement" to the word "advertisement" in Article 67.2 of the Articles of Association of the Company. The proposed versions of the amendments to the Articles of Association, with changes marked in relation to the current version, are attached as **Annex “A”** to this convening report.

Proposed resolution: “**Approve the amendment of Article 67.1 of the Articles of Association of the Company, in accordance with the version attached as Annex “A” to the report regarding the convening of the Meeting**”.

- 1.5 Amendment of letters of undertaking of indemnification

1.5.1 Amendment of the letters of undertaking of indemnification for directors and officers of the Company who are not among the controlling shareholders of the Company and their



relatives – approve the amendment of the letters of undertaking of indemnification for directors and officers of the Company who are not among the controlling shareholders of the Company and their relatives, subject to the amendment of the Articles of Association of the Company as set forth in section 1.4.2 of the convening report. The proposed version of amendment to the undertaking of indemnification, with changes marked in relation to the current version, is attached as **Annex “B”** to this convening report.

To clarify, said amendment shall not derogate from the validity of prior resolutions or undertakings by the Company for the indemnification of directors and officers of the Company.

**Proposed resolution: “Amend the letters of undertaking of indemnification that were given to directors and officers of the Company, who are not among the controlling shareholders of the Company and their relatives, in the form attached as Annex “B” to this convening report, subject to the approval of the amendment of the Articles of Association of the Company as set forth in section 1.4.2 of the report regarding the convening of the Meeting”.**

- 1.5.2 Amendment of the letters of undertaking of indemnification for directors and officers of the Company who are among the controlling shareholders of the Company and their relatives – subject to the amendment of the Articles of Association as set forth in section 1.4.2 of this convening report and to the amendment of the letters of undertaking of indemnification for directors and officers of the Company who are not among the controlling shareholders and their relatives as provided in the proposed resolution in section 1.5.1 of this convening report, approve the amendment of the letters of undertaking of indemnification for directors and officers of the Company who are among the controlling shareholders of the Company and their relatives, in the form and scope proposed for other directors and officers of the Company, as provided in the proposed resolution in section 1.5.1 of this convening report. For further information, see section 3 of this convening report.

To clarify, said amendment shall not derogate from the validity of prior resolutions or undertakings by the Company for the indemnification of directors and officers of the Company, who are among the controlling shareholders of the Company and their relatives.

**Proposed resolution: “Subject to the amendment of the Articles of Association of the Company as set forth in section 1.4.2 of the convening report, amend the letters of undertaking of indemnification for directors and officers of the Company who are among the controlling shareholders of the Company and their relatives, in the identical form and scope to those proposed for other directors and**



**officers of the Company, as provided in the proposed resolution in section 1.5.1 of the report regarding the convening of the Meeting”.**

## 2. **Reappointment of Directors**

- 2.1 Reappoint Ms. Ofra Strauss, Arie Ovadia and Mr. David Mosevics, who are retiring by rotation in accordance with the provisions of the Articles of Association of the Company, as directors of the Company.
- 2.2 To clarify, the directors' terms and conditions of office shall remain unchanged (subject to the amendment of the letter of undertaking of indemnification, as provided in the proposed resolution in section 1.5 of this convening report). The conditions of office and employment of Ms. Ofra Strauss (who is the controlling shareholder of the Company together with her father, Mr. Michael Strauss, (indirectly) through their holdings in Strauss Holdings Ltd. (“**Strauss Holdings**”) and through a direct holding of the Company's shares by Mr. Michael Strauss) were approved by the shareholders of the Company at the meeting of September 26, 2016<sup>1</sup>. For further information, see regulation 21 in the chapter “Additional Information on the Company” in the Company's 2016 Periodic Report, which is included herein by way of reference.

The fee that shall be paid to Arie Ovadia and Mr. David Mosevics is in accordance with the compensation paid to external directors of the Company pursuant to the Companies Regulations (Rules Regarding Compensation and Expense Reimbursement of an External Director), 2000 (the “**Compensation Regulations**”), which is the maximum amount determined in the Compensation Regulations, with the compensation that shall be paid to directors who are candidates for reappointment being the compensation for expert directors. For further information, see regulation 21 in the chapter “Additional Information on the Company” in the Company's 2016 Periodic Report, which is included herein by way of reference.

- 2.3 For information required pursuant to Regulation 36B(10) of the Reporting Regulations with respect to the candidates for the office of director, see regulation 26 in the chapter “Additional Information on the Company” in the Company's 2016 Periodic Report, which is included herein by way of reference, and also the voting deed attached to this convening report.
- 2.4 The candidates for reelection to the Board of Directors of the Company have signed the required declarations pursuant to section 224B of the Companies Law, and they are attached as **Annex “C”** to this convening report.
- 2.5 To clarify, the vote with respect to each candidate for the office of director shall be held separately.

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<sup>1</sup> For information, see the Company's Immediate Report of September 27, 2016 (reference no. 2016-01-054906).



3. **Additional Information Required Under the Controlling Shareholder Regulations with Respect to the Item on the Agenda Presented in Section 1.5.2**

- 3.1 Heads of the transaction – subject to the amendment of the Articles of Association of the Company as set forth in section 1.4.2 of the convening report and the amendment of the letters of undertaking of indemnification for directors and officers of the Company who are not among the controlling shareholders and their relatives, as set forth in the proposed resolution in section 1.5.1 of the convening report, on September 27, 2017 and on October 2, 2017 the Remuneration Committee and the Board of Directors approved the amendment of the letters of undertaking of indemnification for Ms. Ofra Strauss and Mr. Adi Strauss, in the identical form and scope to those proposed in regard to the undertakings of indemnification for other directors and officers of the Company. The approval shall be valid for three years from the date of approval by the Meeting.
- 3.2 Personal interest of a controlling shareholder and nature of the personal interest – as at the date of the report, the controlling shareholders of the Company are Mr. Michael Strauss and Ms. Ofra Strauss, (indirectly) through their holdings in Strauss Holdings and through a direct holding of the Company's shares by Mr. Michael Strauss. To the best of the Company's knowledge, as at the date of this report Strauss Holdings holds approximately 60.44% of the issued and paid-up share capital of the Company and the voting rights therein, and Mr. Michael Strauss directly holds approximately 0.02% of the issued and paid-up share capital of the Company and the voting rights therein. Ms. Ofra Strauss has a personal interest in the approval of the amended letter of indemnity with regard to herself as well as with regard to Mr. Adi Strauss (Ms. Ofra Strauss's brother). Additionally, Mr. Michael Strauss (father of Ms. Ofra Strauss and Mr. Adi Strauss) has a personal interest in regard to the grant of the letter of indemnity to Ms. Ofra Strauss and Mr. Adi Strauss by virtue of their kinship.
- 3.4 Computation method of the consideration – the letters of undertaking of indemnification are granted to directors and officers of the Company as part of their conditions of office and employment, and the latter shall grant no consideration for the letters amended as aforesaid.
- 3.5 Approvals required – the amendment of the letters of undertaking of indemnification was approved by the Remuneration Committee and the Board of Directors of the Company and is subject to approval by the General Meeting of the Company, passed by a special majority, as set forth in section 5.2 below.
- 3.6 Information on transactions of the type of the present transaction or similar thereto, signed in the past two years or remaining in force on the date of approval by the Board of Directors – as at the date of this report, Ms. Ofra Strauss and Mr. Adi Strauss are entitled to letters of undertaking of indemnification, which they were granted in accordance with the approvals of the General Meeting as part of their conditions of office and employment by the Company. For information on Ms. Ofra Strauss's conditions of office and employment, see section 2.2 of this report above, and for information on Mr. Adi Strauss's conditions of office, see regulation 22 in



the chapter “Additional Information on the Company” in the Company’s 2016 Periodic Report, which is included herein by way of reference, and also the Company’s Immediate Report of May 29, 2017 (reference no. 2017-01-045241).

- 3.7 Personal interest of directors in the transaction and nature of their personal interest – Ms. Ofra Strauss and Mr. Adi Strauss have a personal interest in the approval of the amendment of the letter of undertaking of indemnification, as they are the beneficiaries under said letter. For caution’s sake, a personal interest has been attributed to Ms. Ronit Haimovitch, who is a director of Strauss Holdings (by virtue of attribution of a personal interest to Strauss Holdings, for caution’s sake only). Said directors were not present and did not participate in the discussions and resolutions with regard to this transaction.
- 3.8 Names of the directors who participated in the discussions of the Remuneration Committee and Board of Directors of the Company
- 3.8.1 The directors who participated in the meeting of the Remuneration Committee held on September 27, 2017 are Ms. Dalia Narkis, Mr. Samer Haj Yihye and Mr. Arie Ovadia.
- 3.8.2 The directors who voted in favor of the Board resolution of October 2, 2017 are Ms. Ofra Strauss, Mr. Adi Strauss, Ms. Ronit Heimovitz, Mr. Arie Ovadia, Mr. David Mosevic, Mr. Meir Shani, Ms. Galia Maor, Ms. Dalia Narkis and Mr. Samer Haj Yihye.
- 3.9 Grounds for approval by the Remuneration Committee and the Board of Directors
- 3.9.1 The purpose of the amendment of the letter of undertaking of indemnification is to update and adapt it to the requirement set forth in the Restrictive Trade Practices Law, and this amendment is accepted practice in many public companies.
- 3.9.2 Indemnification is customary protection provided by a public company to officers acting on its behalf, designed to enable them to act in the interests of the company in the knowledge that should they err, they are protected within the limits of the law. Creating a more protective work environment for officers contributes to their more profound involvement and greater contribution to the company from the business and managerial aspects, and allows for the retention of top-notch officers.
- 3.9.3 The amendments to the letter of indemnity are in accordance with the provisions of the law and are within the limits set forth therein.
- 3.9.4 The resolution with respect to the amendment of the letters of undertaking of indemnification for Ms. Ofra Strauss and Mr. Adi Strauss was passed taking into consideration the letters of undertaking of indemnification granted to other directors and officers of the Company (subject to approval of the amendment of said letters of



undertaking of indemnification, as set forth in the proposed resolution in section 1.5.1 of this report), and is consistent with accepted practice in similar public companies.

- 3.9.5 The Remuneration Committee and the Board of Directors of the Company found the grant of letters of undertaking of indemnification to be fair and reasonable, and consistent with the Company's interests.
- 3.9.6 The amendment of the letter of indemnity for officers of the Company who are among the controlling shareholders and their relatives does not include a distribution, as defined in the Companies Law.
- 3.9.7 In light of the foregoing, the Remuneration Committee and the Board of Directors of the Company are of the view that the amendments are appropriate and reasonable.

#### 4. **Meeting Type, Date and Venue**

Notice is hereby given that on Wednesday, November 8, 2016 at 3:00 p.m. an Annual General and Special Meeting of Shareholders of the Company will convene at the offices of the Company at 49 Hasivim Street, Petach Tikva, on which agenda is the adoption of resolutions on the items set forth in clause 1 above.

#### 5. **Required Majority**

- 5.1 The majority required in the Meeting for the adoption of the proposed resolutions in regard to items 1.2, 1.3, 4.1 and 1.5.1 on the agenda is the majority of votes of the shareholders present in the Meeting, in person or by proxy, who are entitled to vote and who participate in the vote (the tally of votes shall not include abstaining votes).

As set forth in section 3.3 above, as at the date of this report the controlling shareholders of the Company are Mr. Michael Strauss and Ms. Ofra Strauss, (indirectly) through their holdings in Strauss Holdings and through a direct holding of the Company's shares by Mr. Michael Strauss. To the best of the Company's knowledge, the holdings of the controlling shareholders on the Record Date, as defined below, shall grant them the necessary majority for the adoption of the proposed resolutions in regard to items 1.2, 1.3, 4.1 and 1.5.1 on the agenda.

- 5.2 The majority required for the adoption of the proposed resolutions in regard to items 1.4.2 and 1.5.2 on the agenda (amendment of the Articles of Association of the Company with respect to the subject of indemnification and the grant of an amended letter of indemnity) is the majority of votes of the shareholders present in the Meeting, in person or by proxy, who are entitled to participate in the vote, provided, however, that one of the following is fulfilled: (a) the majority of votes in the Meeting will include a majority of all votes of shareholders who do not have a personal interest in the approval of the transaction, who participate in the vote; the tally of all votes of the aforesaid shareholders will not include abstaining votes; (b) the total opposing



votes among the shareholders mentioned in paragraph (a) do not exceed two percent of all voting rights in the Company.

6. **Notice of a Personal Interest**

A shareholder participating in a vote on the resolutions proposed in regard to items 1.4.2 and 1.5.2 on the agenda shall inform the Company prior to the vote in the Meeting, or, if the vote is via a voting deed, shall indicate in part B of the voting deed in the designated space, if he is considered or represents a controlling shareholder of the Company or if he has or does not have a personal interest in the approval of said resolutions. Where a shareholder has failed to give such notice, he shall not vote and his vote shall not be counted with respect to such resolutions.

7. **Quorum and Adjourned Meeting**

A quorum shall be deemed to be present when at least two shareholders are present, in person or by proxy, who hold or represent 25% of the voting rights in the Company (“**Quorum**”). If within half-an-hour from the time appointed for the Meeting a Quorum is not present, the Meeting shall stand adjourned to Wednesday, November 15, 2017, to the same time and place (the “**Adjourned Meeting**”). If within half-an-hour from the time appointed for the Adjourned Meeting a Quorum is not present, the number of shareholders present shall be deemed quorate.

8. **Record Date and Persons Entitled to Vote in the Meeting**

8.1 The record date for determining the entitlement of shareholders of the Company to participate and vote in the Annual Meeting and the Adjourned Meeting, as provided in section 182(B) of the Companies Law and in Regulation 3 of the Voting Regulations, is the close of trading on the Tel Aviv Stock Exchange (“**TASE**”) on Tuesday, October 10, 2017 (the “**Record Date**”). If there is no trading on the Record Date, the Record Date shall be the last trading day prior thereto.

8.2 In accordance with the Companies Regulations (Proof of Ownership of a Share for the Purpose of Voting at a General Meeting), 2000, a shareholder in whose favor a share is registered in street name, and which share is included among the shares of the Company that are registered in the Register of Shareholders in the name of the nominee company, who wishes to vote in the General Meeting, will submit to the Company confirmation from said TASE member with whom his title to the share is registered with regard to his title to the share on the Record Date, in accordance with Form 1 in the Schedule to said Regulations. According to said Regulations, an electronic mail approved pursuant to section 44K5 of the Securities Law with regard to the particulars of users of the electronic voting system shall be deemed tantamount to confirmation of title with respect to all shareholders included therein.

8.3 A shareholder may vote via a proxy in accordance with the provisions of the Company’s Articles of Association, subject to the Companies Law. Instruments of proxy and the power of





attorney by which virtue the instrument of proxy was signed (if any) shall be deposited at the registered office of the Company at least 48 hours before the time appointed for the Meeting or the Adjourned Meeting. Notwithstanding the foregoing, the chairman of the Meeting may, at his discretion, accept an instrument of proxy and a power of attorney as provided in this clause above also after said time, if he so deems fit, at his discretion.

## **9. Voting via a Voting Deed and Position Statements**

- 9.1 According to the Voting Regulations, a shareholder entitled to participate and vote in the Meeting may vote on the resolutions on the agenda brought for approval by the Meeting via a voting deed. For this purpose, the vote of a shareholder who voted via a voting deed shall be considered a vote by a shareholder who was present and participated in the Meeting.
- 9.2 The form of the voting deed and position statements (if any) is available on the ISA's distribution site at <http://www.magna.isa.gov.il> (the "**Distribution Site**") and on the TASE website at <http://maya.tase.il>.
- 9.3 The vote will be cast by using the second part of the voting deed, as published on the Distribution Site.
- 9.4 A shareholder may contact the Company directly to obtain the voting deed and position statements (if any).
- 9.5 The voting deed of a shareholder who is not registered shall be delivered to the Company together with confirmation of title, in such manner that the voting deed shall reach the offices of the Company by no later than four hours before the time appointed for the Meeting.
- 9.6 A shareholder who is registered in the Register of Shareholders shall deliver the voting deed to the Company together with a photocopy of his ID card or passport or certificate of incorporation, in such manner that the voting deed shall reach the offices of the Company by no later than four hours before the time appointed for the Meeting.
- 9.7 A shareholder may visit the registered office of the Company, and after having proved his identity, may withdraw his voting deed and confirmation of title up to 24 hours before the time appointed for the Meeting.
- 9.8 The final date for submitting position statements is up to ten days before the date appointed for the Meeting, i.e. until October 29, 2017.
- 9.9 The final date for submitting a position statement on the Company's behalf, which includes the Board of Directors' response to position statements submitted by shareholders, is no later than five days before the date appointed for the Meeting, i.e. until November 3, 2017.



- 9.10 A member of the Stock Exchange will send via email, for no consideration, a link to the form of the voting deed and position statements (if any) on the Distribution Site to any shareholder who is not registered in the Register of Shareholders and whose shares are registered in street name, unless the shareholder has advised the TASE member that he does not wish to receive such link, provided that the notice was given with respect to a particular securities account before the Record Date.
- 9.11 A shareholder whose shares are registered in street name is entitled to receive confirmation of his title to the shares from the TASE member through which his shares are held, at the branch of the TASE member or by mail to the shareholder's address in consideration for the payment of postage only, if he has so requested. A request to this effect shall be made in advance for a particular securities account.
- 9.12 One or more shareholders who, on the Record Date, hold shares constituting five percent or more of the total voting rights in the Company, and a shareholder or shareholders holding said percentage of the total voting rights that are not held by the controlling shareholder of the Company, as defined in section 268 of the Companies Law, may inspect the voting deeds as set forth in Regulation 10 of the Voting Regulations.

10. **Voting via the Electronic Voting System**

- 10.1 An unregistered shareholder may vote via a voting deed that shall be delivered to the Company via the Electronic Voting System as defined in the Voting Regulations, subject to the terms and conditions set forth in the Voting Regulations (“**Electronic Voting Deed**”).
- 10.2 The Electronic Voting Deed shall be opened for voting at the close of the Record Date. Upon receipt of an identifying number and access code from the TASE member and after completing an identification process, an unregistered shareholder may vote via the Electronic Voting System at <https://votes.isa.gov.il>.
- 10.3 Voting via the Electronic Voting System **will be closed 6 hours before the time appointed for the Meeting** (i.e. on Wednesday, November 8, 2017 at 9:00 a.m.), when the Electronic Voting System shall be closed. The electronic vote can be changed or cancelled until the closing of the Electronic Voting System, after which it cannot be changed via the system. Where a shareholder has voted by more than one method the last of his votes shall be counted, with the vote of the shareholder himself or by proxy in the Meeting being deemed later than the vote via the Electronic Voting Deed.

11. **Final Date for Inclusion of an Item on the Agenda by a Shareholder**

The final date for submitting requests by shareholders pursuant to section 66(B) of the Companies Law to include an item on the agenda for the Meeting is up to seven (7) days before the time appointed for the Meeting. It is noted that if a request is submitted there may be changes in the agenda for the



Meeting, including the addition of an item or addition of a position statement, and the up-to-date agenda and position statements may be reviewed in the Company's reports on the Distribution Site.

12. **Inspection of Documents**

Shareholders of the Company may review this report and other documents relating to the proposed resolutions on the agenda, subject to applicable law, at the offices of the Company at 49 Hasivim Street, Petach Tikva on Sunday to Thursday from 9:00 a.m. to 4:00 p.m. following prior coordination by telephone at 03-6752499, and on the ISA Distribution Site at <http://www.magna.isa.gov.il> and the TASE website at [www.tase.co.il](http://www.tase.co.il).

13. **Power of the Securities Authority**

In accordance with Regulation 10 of the Controlling Shareholder Regulations, the ISA or an employee empowered by it for this purpose may, within 21 days from the date of filing of this report, direct that the Company shall give, within the period that it shall stipulate, an explanation, details, information and documents with regard to the transaction that is the subject of the report, and may further direct that the Company shall amend the report in the manner and by the date it shall stipulate; in such case, the ISA may direct that the date of the General Meeting should be deferred to a date that shall occur no earlier than three business days and no later than 35 days from the date of publication of the amendment to the report.

Where the Company is required to amend this report as provided above, the Company shall file the amendment in the manner prescribed in the Controlling Shareholder Regulations, shall send it to all shareholders to whom this report was sent, and shall publish a notice on the subject in the manner prescribed in the Controlling Shareholder Regulations, all of which unless the ISA has directed otherwise. If a directive is given with regard to the deferral of the date of the General Meeting, the Company shall give notice of the directive in an immediate report.

14. **Company Representative with Regard to the Immediate Report**

The Company's representative for the purposes of this report is Mr. Michael Avner, Adv., Senior Vice President, CLO and Company Secretary, whose office is at 49 Hasivim Street, Petach Tikva, tel. 03-6752499, fax 03-6752279.

**Yours sincerely,**

**Strauss Group Ltd.**

Date signed: October 3, 2017



Signatories: Michael Avner, Senior Vice President, CLO and Company Secretary  
Noa Herman-Shifris, Adv.

For further information please contact:

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