

## **Summary of Significant Differences between Koor's Corporate Governance Practices and Those Required of U.S. Companies under NYSE Listing Standards**

Section 303A.11 of the NYSE's Listed Company Manual, or LCM, requires that listed foreign private issuers, such as Koor, must disclose any significant ways in which their corporate governance practices differ from those followed by U.S. domestic companies under NYSE listing standards.

Our corporate governance practices are governed by our Articles of Association, by the corporate governance provisions set forth in the Companies Law and by applicable U.S. securities laws, including the Sarbanes-Oxley Act of 2002, to the extent they apply to foreign private issuers. We are also subject to the NYSE corporate governance rules to the extent they apply to foreign private issuers. Except for those specific rules, foreign private issuers are permitted to follow home country practice in lieu of the provisions of Section 303A of the LCM.

In order to comply with Section 303A.11 of the LCM, the following is a summary of significant ways in which our corporate governance practices differ from those required to be followed by U.S. domestic companies under the NYSE's listing standards.

*Majority of Independent Directors:* Under Section 303A.01 of the LCM, U.S. domestic listed companies must have a majority of independent directors. We do not have a similar requirement under Israeli practice or the Companies Law, however we do have a majority of independent directors serving on our board of directors.

*Separate Meetings of Non-Management Directors:* Under Section 303A.03 of the LCM, the non-management directors of each U.S. domestic listed company must meet at regularly scheduled executive sessions without management. We do not have a similar requirement under Israeli practice or the Israeli Companies Law, and our independent directors do not meet separately from directors who are not independent, other than in the context of audit committee meetings.

*Nominating/Corporate Governance Committee:* Under Section 303A.04 of the LCM, a U.S. domestic listed company must have a nominating/corporate governance committee composed entirely of independent directors. We are not required to have such a committee under the Companies Law.

*Compensation Committee:* Under Section 303A.05 of the LCM, a U.S. domestic listed company must have a compensation committee composed entirely of independent directors. We are not required to have such a committee under the Israeli Companies Law.

*Audit Committee:* Under Section 303A.06 of the LCM, domestic listed companies are required to have an audit committee that complies with the requirements of Rule 10A-3 of the Securities and Exchange Act of 1934. Rule 10A-3 requires the audit committee of a U.S. company to be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged for the purpose of preparing or

issuing an audit report or performing other audit, review, or attest services, and that each such firm must report directly to the audit committee. Among other exceptions, Rule 10A-3 provides an exception to such standards for foreign private issuers where applicable home country law (i) requires or permits shareholders to appoint the auditors or (ii) prohibits or limits the delegation of responsibility to the issuer's audit committee.

Pursuant to the Companies Law, our auditors are appointed by the shareholders at the annual meeting of shareholders. Our audit committee is responsible for recommending to the shareholders the appointment of our auditors and to recommend the amounts to be paid to our auditors. In addition, pursuant to the Companies Law, our financial statements must be approved by our board of directors. Our audit committee is responsible for assisting the board of directors in overseeing the work of our auditors.

*Equity Compensation Plans:* Under Section 303A.08 of the LCM, shareholders must be given the opportunity to vote on all equity-compensation plans and material revisions thereto, with certain limited exemptions as described in the Rule. We intend to follow the requirements of the Companies Law under which requirement for shareholder approval is generally limited to cases where our directors would be entitled to receive equity under the equity-compensation plan.

*Corporate governance guidelines:* Under Section 303A.09 of the LCM, domestic listed companies must adopt and disclose their corporate governance guidelines. We do not have a similar requirement under Israeli practice or the Companies Law.