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**Legal Department**

Date: 21 July 2021

**Re: Pending Legal Proceedings – Keter Plastic Ltd. – As of 21 July 2021**

Dear Sir / Madam,

As an attorney in the legal department at Keter Plastic Ltd., Comp. Reg. No. 513185389 (hereinafter: “**Company**”), I hereby confirm that as of 21 July 2021, the following are the main pending legal proceedings with which the Company is involved, with the exception of cases pending before the Small Claims Court and claims covered by the Company’s insurance companies, not including employers’ liability insurance.

1. **Employment Law Cases:**
2. **Exposure to Palestinian Workers Legal Actions**

On December 13, 2013, Keter Plastic Ltd. sold to Red Coral Ltd., the operations at the Barkan plant. Under this agreement, Keter undertook to bear the legal exposure related to legal actions by Palestinian workers who began work before the date of the aforementioned sale, and claiming claim rights for the period up to the date of the aforementioned sale.

On December 12, 2019, a lawsuit was filed on behalf of fifty-one Palestinian workers worth NIS 293,760.

It should be noted that plaintiffs were added to the legal action already suing the Company in the past for the same rights. The parties reached a settlement, under which Keter will pay the plaintiffs a total of NIS 152,197 and NIS 22,829 plus duly added VAT in legal fees to plaintiffs’ counsel.

To facilitate tax reporting with respect to the workers’ compensation settlement, an agreement was reached between Red Coral and Keter Plastic, under which Red Coral will pay part of the settlement to plaintiffs who work for it (NIS 145,015) and that Keter would transfer said amount to Red Coral, plus employer costs incurred by Red Coral.

Keter will pay directly to plaintiffs’ counsel the portion of the settlement attributed to those plaintiffs who do not work for Red Coral, as well as his legal fees (NIS 7,182 + NIS 22,829 + VAT).

Following the aforementioned legal action, the Company is exposed to claims by approximately 3 Palestinian workers. As of the beginning of April 2019, these claims are estimated to amount to approximately NIS 8,000. It should be noted, that exposure sum levels are decreasing in light of the statute of limitations.

1. **Doron Lefes - Demand Letter**

Doron Lefes served as the Company’s Safety Officer from 2008 until his dismissal in December 2016.

On 26 October 2018, Mr. Lefes sent a letter demanding a total of NIS 545,524 on account of: unlawful dismissal; sale-related bonus; annual bonuses; compensation for reduced terms of employment; and compensation for failure to pay for on-call hours. At this point in time, we are unable to estimate the amount of exposure. On 12 December 2018, Keter sent a reply to the above-mentioned letter of Mr. Doron Lefes’s counsel, rejecting all his claims. No reply to said letter has yet been received.

We estimate that, to date, there is no financial exposure.

1. **Johnson Dare Kunle vs. 1. Eshel Cleaning and Maintenance Ltd. 2. Arrow Patrol - Security Guard Services Ltd. 3. Keter Plastic Ltd. (Expedited Hearing 59507-08-20, in the Tel Aviv District Labor Court)**

Amount of the claim: NIS 31,300.

Nature of the claim: The claim, which was filed on 30 August 2020, is for severance pay, provisions for benefits and compensation, past provisions for the study fund, failure to provide a legal hearing, vacation pay, convalescence pay, holiday pay, failure to give prior notice, refund of unlawful meal deduction, holiday gift, and failure to give notice of working conditions.

Status: A statement of defense has been filed.

Date of hearing: A pretrial on 18 March 2021

Chances of the claim: At this stage, we estimate that the chances of the claim are less than 50% of the amount of the claim.

On 18 March, 2021, the claim against Keter Plastic Ltd. was rejected and the file was closed.

1. **Ravit Avraham vs. Keter Plastic (36963-12-20 in the Tel Aviv District Labor Court)**

Amount of the claim: NIS 57,360.

Essence: the claim, which was filed on 17 December 2020, is for the receipt of severance pay differentials and compensation for breach of agreement, based on the contention that the defendant undertook (on the employer notice form) to pay 8.3% severance pay, and that it allocated only 6%. The Company contended that in fact there was an error in the employer notice form delivered to the plaintiff, but the Company never acted in accordance with it, and after 4.5 years of work during which the parties’ actions differed from the terms originally written in the contract, the change became a portion of the agreed terms of her employment. Negotiations for the consensual closure of the case are well under way.

Status: A statement of defense was filed.

Date of hearing: Pre-trial set for 4 July 2021.

Risk assessment : NIS 25,000.

1. **Labor Dispute Under the Jurisdiction of a Judge: Ka’yes Eiman vs. Keter Plastic**

Amount of the claim: NIS 602,314.

Essence of the claim: The claim, which was filed on 31 January 2021, is for compensation for future loss of earnings, unlawful dismissal, lack of legal hearing, discrimination, defamation and invasion of privacy.

Claimant lowered the original sum sought (NIS 3,220,000) and on 4 April 2021 submitted an amended statement of claim in the sum of NIS 602,314.

Status: defense filed.

Date of hearing: Pre-trial set for June 1, 2022.

Risk assessment: NIS 100,000.

**II. Other Cases:**

1. ***Civil Action* 22969 -09-18: Koren Text Ltd. v. Keter Plastic Ltd.**

On 10 September 2018, Koren Text Ltd. (hereinafter: “**Koren Text**”) filed a financial claim against the Company for a total of NIS 93,857 with the Magistrate’s Court in the Krayot. In essence, Koren Text claimed that the Company had pledged to pay for document translation work provided by Koren Text to the Company.

On 12 November 2019, after Koren Text’s counsel was notified that the statement of claim was filed against another company (Keter Holdings Ltd., which is not affiliated to the Company), Koren Text applied to amend the statement of claim (hereinafter: the “**Motion to Amend the Statement of Claim**”). On 24 November 2019, the Court granted the Motion to Amend the Statement of Claim, and immediately after leave to amend was granted, Koren Text filed the amended statement of claim against the Company.

On 3 February 2020, the Company filed a defense. On 2 February 2021, a pretrial hearing took place, at the end of which deadlines for the presentation of the parties main testimony depositions were set and another pretrial hearing, after the presentation of depositions, was scheduled for 15 July 2021.

On 23 May 2021, Koren presented the text of the main testimony depositions on its behalf.

On 15 July 2021, another pretrial took place, in the course of which the parties reached a compromise, by which—without any admission to any claim by any party—the Company will pay Koren Text the sum of NIS 30,000 plus Value Added Tax, including the component of Value Added Tax for the sum of NIS 13,013.09 that was paid several days before said hearing.

1. **Maskit 54 Assets Ltd. Arbitration**

As detailed in previous updates, we are dealing with an arbitration between Keter Plastic and Maskit 54 Assets Ltd. (hereinafter: “**Maskit Assets**”) conducted before the arbiter Adv. Isaac Marciano.

At the heart of the arbitration is a lease agreement signed between the parties on 3 January 1996, and which was renewed from time to time, and is still in effect (hereinafter: “**Lease Agreement**”). The parties are divided as to the implementation of the Lease Agreement, including disputes between the parties related to the money paid and/or supposed to be paid under the Lease Agreement, including loan money granted by Keter Plastic to Maskit Assets, rent, renovations at the leasehold subject matter of the Lease Agreement, interest rates, and more.

On 28 September 2017, Maskit Assets filed an affidavit on its behalf, which constitutes, per the parties’ consent, its legal action. According to the affidavit filed by Maskit Assets, Keter Plastic was sued to pay Maskit Assets NIS 2,694,317.47 for funds (such as rent, renovation payments, etc.) which, according to Maskit Assets, were paid incompletely and/or were not paid at all under the Lease Agreement.

On 14 January 2018, Keter Plastic filed an affidavit on its own behalf, which by the parties’ agreement, constituted the defense and counterclaim. In the affidavit filed by Keter Plastic, it was argued, inter alia,that not only did it not owe Maskit Assets anything, but rather that Maskit Assets was left with a debt to Keter Plastic amounting to NIS 1,885,103. Keter Plastic claimed that over the course of the years that the Lease Agreement existed between the parties, the parties made various calculations to settle accounts between them, and that all the amounts under them (i.e., according to the aforementioned accounting calculations) were paid in full by Keter Plastic. Furthermore, Keter Plastic claimed that over the years, it overpaid Maskit Assets more than it was supposed to pay and, therefore, Maskit Assets is being sued to refund them to Keter now in is settlement.

On 17 April 2018, we were provided with an affidavit in reply on behalf of Maskit Assets, which constitutes its reply as well as the defense against the counterclaim. We are studying the aforementioned affidavit of reply which was (today) submitted for your perusal which basically argues that notwithstanding the accounting settlements conducted by the parties, Maskit Assets never waived any additional amounts owed to it. Moreover, Maskit Asset claims in its aforementioned affidavit that there is no basis for the main component of the claim by Keter Plastic (a total of NIS 1,811,824 being claimed as a refund for spaces at the leasehold that were charged despite not being in Keter Plastic’s possession) since, as Maskit Assets claims, the additional spaces for which Keter Plastic was overcharged (according to its version of events), were in its possession, and therefore, the charge for them was lawfully applied.

On 26 July 2018, Keter Plastic filed an affidavit in reply on its behalf, constituting the reply on its behalf to the defense to the counterclaim, and in fact constituted the final pleadings in the proceedings.

In conjunction with the above affidavit, Keter Plastic filed an application to amend the counterclaim, to inter alia, set the counterclaim sum at NIS 2,265,103. On 17 October 2018, Maskit Assets filed its response to the motion to amend the counterclaim, in which it opposed the amendment. On 18 October 2018, Keter Plastic filed its response to the reply. To date, no decision has been made by the arbitrator on the aforementioned motion.

Moreover, on 20 September 2018, the arbitrator issued a decision further to the motion filed by Keter, in which the arbitrator ordered Maskit Assets to provide transcripts and original recordings, as well as an affidavit regarding the absence of additional recordings.

On 23 October 2018, Maskit Assets provided 5 transcripts that had been concealed, and not disclosed by it until then. At this stage, the original recordings have not yet been provided, and therefore, an additional motion was filed on this issue with the arbitrator. Concurrently, on 28 October 2018, Keter Plastic filed a motion for reconsideration of the arbitrator’s decision regarding general document discovery.

On 26 March 2019, Maskit Assets filed an application for an order instructing the Keter to disclose to it documents regarding electricity bills paid by Keter during the period 1999 – 2006 (hereinafter: “**Application**”).

On 1 May 2019, Keter filed its reply to the Application, and on 5 June 2019, the arbitrator issued a decision instructing Keter to produce a power of attorney signed by it, which allows Maskit Assets to receive electricity bills pertaining to the leasehold subject matter of the arbitration proceedings directly from the electricity company. The aforementioned bills were received by Maskit Assets, and on 3 September 2019, Maskit Assets conveyed the aforementioned bills to Keter for review.

On 30 October 2019, after the preliminary proceedings between Keter Plastic and Maskit Assets were finalized, a preliminary arbitration meeting was held, during which the hearing of evidence was scheduled (for 15 March 2020; 22 March 2020; 29 March 2020; and 26 April 2020).

At the same time, on 2 September 2020, the parties filed an agreed notice according to which an additional matter will be discussed in the arbitration connected with rent which was deducted by Keter Plastic and which Keter Plastic allegedly is obligated to pay to Maskit Assets for the months July–December 2020. The parties submitted affidavits on their own behalf regarding this additional matter and reached an agreement that Keter would deposit a bank guarantee of NIS 702,827 with the arbitrator which would ensure the payment of the decision of the arbitration if it is obligated to make the payment.

Due to the spread of the coronavirus, the evidentiary hearings were postponed several times until they were set for 30 June and 1 and 12 July 2021. At the hearings that took place on 30 June 2021 and 6 July 2021, counsel for Keter examined Maskit Assets’ witnesses (Mr. Elon Weitz and Ms. Michal Fargi) and on 12 July 2021 counsel for Maskit Assets examined Keter’s witnesses (Mr. Avi Hori and Mr. Ilan Bitton).

Now that the evidentiary phase has ended, the arbitrator is expected to submit an outline to the parties according to which the parties' summaries will be submitted (the arbitration may be conducted in two stages). Then, subject to the arbitrator's decision, the summaries will be submitted on behalf of the parties. After the submission of the summaries, the arbitration ruling is expected to be given.

We estimate the risk in the case in question at approximately NIS 1 million.

1. **National Insurance Institute in the matter of Limor Vardi vs. Keter Plastic:**

A subrogation claim filed by the National Insurance Institute, on account of a work accident that occurred to Ms. Limor Vardi while working at the kitchen of the Keter factory in Carmiel. As a result of the accident, Ms. Vardi was awarded a 53% permanent disability by the National Insurance Institute.

The alleged damages were estimated at NIS 440,362 with respect to the injury damages, the temporary and capitalized disability benefits, and interest and linkage differentials.

Keter filed a defense as well as a third-party notice against the catering company with which Keter contracted, I.S.S. Restaurant Services Ltd., and which employed Ms. Verdi through the manpower company Tigbur. A defense was filed by the third party known as I.S.S. Restaurant Services Ltd., and a fourth party notice was sent on behalf of I.S.S. Restaurant Services Ltd. against Tigbur – Temporary Professional Personnel Ltd.

A waiver of confidentiality was received from the injured party for the collection of medical documents and, subsequently, the order for an opposing expert opinion.

In light of the cooperation, the expenses at this stage will be divided together with the third and fourth party. After the medical materials were examined, it was decided (by Keter in conjunction with third parties) to demand that the plaintiff submit a psychiatric opinion (and not to settle for the National Insurance Document document presented in the claim).

It was also decided to summon the injured party for an examination in order to prepare an orthopedic expert opinion, but not an expert urologist opinion at the current stage.

After receiving the opinions, we will send an update to the court regarding agreements or hearing arrangements as they are reached.

After examining the medical materials, it was decided (Keter in conjunction with third parties) to require the plaintiff to submit a psychiatric affidavit (and not suffice with the National Insurance document submitted as part of the lawsuit).

It was also decided to summon the victim for an examination in order to prepare an opinion by an orthopedic specialist, but not of an urologist at the current stage.

At the current stage, the counsel for the National Insurance Institute advises that the injured party is unwilling to cooperate with any party—including the National Insurance Institute. Consequently, a request was submitted by counsel for the National Insurance Institute to consider the findings of the National Insurance Institute tantamount to expert medical opinions and, on their basis, to prepare medical opinions from an expert to be appointed on behalf of the Court and on behalf of the additional third parties. We filed a vehement objection to this request that has been forwarded to the Plaintiff for her response. No decision on the continued handling of the case has yet been received.

The estimate of the chances of the claim to be accepted against Keter: higher than 50%. The financial risk assessment if the claim against Keter is accepted: NIS 500,000.

1. **Administrative Petition 32050-08-17 Keter Plastic vs. The Investment and Development Authority for Industry and Economy et al.**

The administrative petition was filed by the Company with the District Court of Jerusalem on 29 October 2017. Underlying the petition is the decision of the Investment Authority administration, dated August 2015, to retroactively cancel the Company’s investment plan under the Encouragement of Capital Investment Act 1959-5759 (hereinafter: “**Act**”), with a requirement for a reimbursement of 5/7 of the grants given to the Company, plus linkage and interest differentials on account of the grants (total demands equal to NIS 5,029,618). Said investment plan was approved in March 2005, under the auspices of which the Company was approved an investment grant for the expansion of the Barkan industrial park factory. The cancellation decision was based on the claim that Keter allegedly did not meet the conditions of a “competitive factory” as required by the Act, for the purposes of approving an investment plan and receiving grants. In June 2017, Keter was notified of the rejection of its appeal, and hence the filing of the administrative petition. With the parties’ consent, a decision was issued that the case be transferred to the Investment Authority’s appeals committee. A decision is expected to be made in early 2019. The committee reconsidered the matter, and on 22 February 2019, rejected Keter’s claims and demanded that Keter return to the State a total of NIS 5.47 million. In our opinion, the decision was conveyed to the Company after the date prescribed by the Act, and there are other grounds for Keter to contest the committee’s decision. During April 2019, the Company filed another administrative petition against the State, appealing the committee’s second decision.

On 8 August 2019, Keter filed an appeal with the Supreme Court against the judgment of the Administrative Court in Jerusalem in Administrative Petition 34849-03-19 of 10 July 2019 (Administrative Petition 5308/19).

In the judgment under appeal, the Administrative Affairs Court overturned the decision of the Appeal Committee under the Encouragement of Capital Investment Act 1959-5759, dated November 6, 2018 – which rejected Keter’s appeal against the decision of the Investment and Development Authority’s Industrial and Economic Development Board, dated 24 March 2014, determining that Keter must repay 5/7 of a grant that it received, valued at NIS 3.7 million, plus NIS 1.23 million in indexation differentials and interest. In its judgment, the Administrative Affairs Court further ruled that the discussion of Keter’s appeal against the Authority’s Board’s decision would be reconsidered by the appeal committee.

As part of the appeal, Keter contended, inter alia, that in view of the provisions of Section 24A of the Encouragement of Capital Investment Act, it must be held that the appeal that Keter filed from the decision of the Authority’s Administration – was accepted (and, in any event, that the requirement for restitution of the grant was void). This is in light of the fact that the decision of the Appeal Committee was conveyed to Keter after the expiry of the statutory deadline, and in view of the fact that, according to the Act – to the extent that the Appeal Committee did not convey its decision to the appellant within the period prescribed by the statute – the appeal would be regarded as accepted. Keter further claims that given that its Keter’s appeal was accepted—the appeal cannot be sent back to the Committee for further deliberation.

Concurrently, after the Keter application to suspend the renewed hearing before the Appeal Committee was rejected, the new decision of the Appeal Committee from 3 February 2020 was delivered to Keter, in which it was stated that Keter must refund 50% of the grant it had received, at the sum of NIS 2,621,075 plus linkage differentials and interest at the sum of NIS 1,054,863, for a total of NIS 3,675,938. In accordance with the decision of the Administrative Court from 8 March 2020 (which was given under the agreed application filed by the parties), the date for filing an appeal against the new decision of the Committee was extended so that it would be possible to file within 30 days after the ruling of the Supreme Court was given in *Administrative Appeal* 5308/19. The Supreme Court stated in its ruling that the hearing in *Administrative Appeal* 34839-03-19 would be returned to the Administrative Court for a decision in the matter of the validity of the decision of the Appeal Committee of 6 November 2018; and that this matter would be adjudicated together with the appeal of Keter against the new decision of the Committee (from 3 February 2020), where first of all, the question of the validity of the Committee’s decision of 6 November 2020 would be decided. On 27 December 2020, Keter filed an administrative appeal against the decision of the Committee from 3 February 2020 (*Land Seizure Appeal* 15730-03-20).

On 2 May 2021, the Administrative Affairs Court handed down its ruling on *Land Seizure Appeal* 34839-03-19. In the ruling, Keter’s claims concerning the effect of the Appeal Committee’s decision and in the matter of the implications of the incidence of Section 24a of the Act were rejected. On 15 June 2021, Keter appealed this ruling to the Supreme Court (*Administrative Appeal* 4234/21) and concurrently appealed the management of the proceedings in Administrative Affairs Court in *Land Seizure Appeal* 15730-03-20. Notably, within the bounds of its appeal to the Supreme Court, Keter applied to have the discussion of two other appeals revolving around Section 24a adjudicated as one. It is further noted that if the contentions of Keter in *Land Seizure Appeal* 34839-03-19 are accepted and it is determined that the appeal against the administrative decision of the authority is accepted, in any case, the new decision of the Appeal Committee from 3 February 2020 would be annulled and the hearing in *Land Seizure* 15730-03-20 would be waived.

We estimate the risk in the case under consideration to be NIS 2.5 million.

1. **Salty Reuya vs. Keter Plastic**

A letter was recently received demanding the Company’s insurance details to cover the case of a work accident by a former employee of the catering firm that provides services to the Company. We are working to transfer handing the matter to the catering company so that they will represent the interests of Keter in the case, and indemnify Keter to the full extent of the outcomes of the demand.

In light of the present preliminary stage of the case, the Company’s exposure cannot be assessed. However, it should be noted that there is a full indemnity clause for the benefit of the Company in the agreement between it and Nir Etzion (which employed the plaintiff) in the event of its employees suing Keter. Thus, we estimate that the catering company will compensate the Company for any expense and/or the outcomes of the demand.

1. ***Civil Action* 40446-09-18 Anna Seminoch vs. Keter Plastic**

A legal action for personal injury caused to the plaintiff after a plastic chair on which she was sitting at the Ben Gurion Airport collapsed underneath her. The plaintiff claims she sustained injuries to her lower back, cervical spine, and right leg. In accordance with the counter-medical opinion attached to the statement of claim, the plaintiff has a claimed 20% permanent disability. From pictures of the chair attached to the statement of claim, it appears that this is a Millie model chair manufactured by Keter. Keter has yet to file a defense, and we have also filed a demand to examine documents and reply to questionnaires.

In a hearing held on 7 December 2020, the court made an offer to the parties of NIS 45,000, where the share of Keter would come to 12.5% of the claim. The plaintiff announced that the court offer was accepted and requested to add attorney fees and expense components so that the grand total is amounts to NIS 58,750. Accordingly, the share of Keter will amount to NIS 7,344 for the conclusion of the case.

The case was closed in a settlement when Keter paid NIS 7,344.

1. **Statement of Claim - 53163-03-19 – National Insurance Institute vs. Keter Plastic**

A subrogation claim filed by the National Insurance Institute on account of a work accident that occurred to Mr. Nasraui Ali, an employee of the manpower company *Maof*.

The sum claimed: NIS 66,000.

In the case, experts were appointed on behalf of the court in the field of orthopedics and ENT. Both experts determined that the injured remained with no permanent disability.

The extent of exposure to such legal action as stated is: NIS 20,000.

1. ***Civil Action* 53223-09-20 Butbul Yitzhak vs. Dan Panorama Hotel and Migdal vs. Keter.**

A product liability claim received on 13 January 20201 (?). The case was transferred to be handled by Attorney Meital from the Atias Grauer Office. A defense against the claim has been filed. The respondents have submitted a price quote for an expert opinion on their behalf and for the cost of collecting documents (we recommended that this be approved). We are awaiting the appointment of an expert on behalf of the Court. No date for the next discussion has been set.

The chances of the acceptance of the claim against Keter are estimated at more than 50 percent.

**Financial risk assessment if the claim against Keter is accepted: NIS 300,000 (damage calculations have not yet been submitted)**

1. The Company received demand letters and five small claims in various fields. All of the small claims were settled in the total sum of NIS 8,500 and the provision of alternative sets of Keter products to one of the claimants. A first demand letter was settled in the sum of NIS 7,500 and another is pending. Keter responded to the letter. No reply to this letter has been received and we estimate the financial exposure to this demand at NIS 10,000.
2. Recently a demand letter was received from the Carmiel municipality with a demand to pay city tax differentials amounting to a grand total of about NIS 7,362,000. The parties are conducting negotiations and we estimate the amount of exposure in this case at a total of NIS 2 million.
3. Recently, a demand letter was received from the Dinar Company Ltd. for a rent debt of NIS 56,016.02. The case has been closed; the Dinar Company Ltd. was given a 25 percent discount on one month’s rent.
4. There are several claims associated with outsourced staff, some managed by a manpower company in which expenses and outcomes of the case fall upon Keter. The claims are being managed in part by the insurance company under a third-party policy. Keter’s deductible for each of these claims is USD 3,000.

In June 2020, a new third-party policy that has a USD 10,000 deductible for each case went into effect. It is stated for clarity that neither demands nor claims have been received as of the date of this letter.

1. ***Civil Action* 65846-06-20 Salam Zuavi vs. Manof, Clal and Keter**

Recently a demand letter was received for a work accident suffered by Salam Zuavi, an employee of a crane subcontractor. We are working to have the handling of the matter transferred by the Manof Company so that they will represent Keter’s interests in the case and will indemnify Keter for all the expenses of the demand. In light of the preliminary stage of the case, it is not possible to estimate the exposure of the Company. However, it should be noted that there is a full indemnity clause in favor of the Company in the agreement between it and Manof in the event of claims by its employees against Keter. Thus, we estimate that Manof will compensate the Company for any expense and/or results of the demand. Handling of the matter has been handed over to the Manof company, which is liable for all expenses and outcomes of the case in Keter’s name.

1. ***Civil Action* 79176-12-20 National Insurance Institute vs. Keter et al.**

A subrogation claim filed by the National Insurance Institute for a work accident suffered by Mr. Ahmed Shabbat, an employee of the Maof Manpower Company.

The deadline for filing a defense has been extended to 9 July 2021. The case was handed on to Adv. Attorney Shadi Elmaladi, who handled the main case.

**Estimated risk to the Company: NIS 31,000.**

**III. Intellectual Property Cases**

1. **Stanley, Black & Decker**

Over the course of May 2019, the Company, through the American Milwaukee Co., received an excerpt from a letter sent to it by Stanley, Black & Decker claiming that one of the products manufactured by the Company, and sold under the Milwaukee brand, violates Stanley, Black & Decker’s patent. There is an agreement between Milwaukee and Keter whereby Keter will indemnify Milwaukee for any damages it may incur as a result of a third-party legal action in connection with products sold to Home Depot that violate third party rights. In another agreement between Keter and Milwaukee regarding the sale of products from Keter to Milwaukee, there is a similar indemnity clause, but there, in each case where the violation is alleged against elements developed in cooperation between Milwaukee and Keter, the parties are obligated to appoint a joint lawyer, and bear the legal costs equally. Keter and Milwaukee disagree on whether Milwaukee should actually bear half of the legal costs.

At this stage, it is not possible to assess whether Stanley, Black & Decker will file a legal action against Milwaukee / Keter. From preliminary review of the claims made by Stanley, Black & Decker, it appears that Keter has sound defenses against Stanley, Black & Decker’s infringement claims, and that the Keter has solid arguments to revoke Stanley, Black & Decker’s patent.

As of the date of this letter, the parties have completed negotiations on a compromise in this matter in the framework of which, in consideration for a one-time payment of $250,000, Keter will receive a license to use the relevant portions of the patent in order to manufacture products. The license is for all the parties who have signed the compromise agreement.

1. **Rattan Injection Technology and Products – European Patent No. EP 2205418**

* European Patent Opposition Proceedings filed by Geobra and Yelenia Plast – following a hearing during the third quarter of 2016, the European Patent Registrar dismissed the opposition petition subject to a minor update of the patent (the update has little impact on the scope of the original patent as filed). This decision by the Registrar was appealed by Geobra. A hearing of the case is expected to take place in 2019, at the conclusion of which a decision will be issued. In light of a patent infringement claim filed by the Company against IGAP, IGAP joined the challenge to the patent’s validity.

In the appeal documents, no facts or claims were found that alter our chances of success in the case.

Recently, an agreement has been reached between the parties that the appeal will be withdrawn.

There is no financial exposure in the case.

* CLP – During 2019, the Company filed a lawsuit with the court in Dusseldorf, Germany, against CLP, for the violation of the Rattan patent. The court ruled that in light of the procedure pending before the European Patent Registrar, the hearing of the case would be stayed pending the decision of the European Registrar regarding the validity of the patent. On 13 February 2020, CLP filed a legal action in the Dusseldorf Court, to revoke the German portion of the Rattan patent. In March 2020, the court reached a decision to delay the granting of a ruling in the case until a decision was received in the application for the cancellation of the Rattan patent which CLP filed against the Company at the court in Munich.

At this stage, there is no exposure in the case. But if the patent is cancelled, Keter will be asked to bear the court costs of CLP at the sum of about 20 thousand euros.

At the beginning of April 2020, CLP filed an application for the cancellation of the German portion of the Rattan patent of the Company. If the Company should lose, the Rattan patent of the Company in Germany will be cancelled (subject to the right of appeal of the Company against the decision), and the Company will be required to pay the sum of approximately 23,544 euros as a refund of expenses in connection with the loss of the case.

The parties recently signed a compromise agreement.

1. **European IML Patent No. EP 2121272**

Following the infringement claim filed by the Company against Rotho Kunstsoff AG for an alleged infringement of the IML patent of the Company, on 29 April 2020, Rotho Kunstsoff AG filed a claim to cancel the Swiss portion of the IML patent of the Company with the Swiss Federal Court.

It is still too early to assess the exposure of the Company in this event. There is no financial exposure other than a refund of the court costs of the plaintiff in the event that Keter loses the case. A refund of expenses in the case of such a loss is liable to reach 120 thousand Swiss Francs.

1. **American Patent No. 10,583,962**

On 5 January 2021, Jiangsu Sainty Sumex Tools Corp Ltd. filed an application for the cancellation of American (IPR) Patent No. 10,583,962 owned by the Company and by Milwaukee.

The patent describes the connection mechanism which can be used to connect two tool kits.

As of the date of this letter, the Company and Milwaukee have not been manufacturing products under the patent and have no intention of making use of it in the near future.

The file has been closed; the patent office turned down the application for cancellation.

**IV. Employer Liability Cases**

As of July 1, 2018, the Company transferred its insurance coverage to *Clal* Insurance Co. The Company’s deductible in each case, as of that date, is NIS 54,750. Starting from 1 July 2020, the Company has moved for insurance coverage with the Phoenix Insurance Company. The deductible amount was not changed. Cases the value of which does not exceed said amount, are managed by the insurance agent. The following is a list of the cases beginning with the aforementioned insurance period:

| **No.** | **Internal Claim No.** | **Name of Plaintiff** | **Status** | **Event Date** | **Event Place** | **Comments** | **Risk Assessment/ Payment to Injured (NIS) \*\*** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **1. Phoenix** | 3034499 | Mustafa Husan Sadat | Demand | 24 March 2021 | Carmiel | Demand letter. Worker climbed a ladder to repair a malfunction. | 30,000 |
| **2. Phoenix** | 3028348 | Samer Diab | Insurance claim, insurance company | 12 October 2020 | Carmiel Eshel | Demand letter being handled by insurance company. Worker wanted to climb in order to check raw material and when he stepped forward to gather momentum struck his head on a piston. The insurance company is dealing with this because it involves a head injury. | Waiting for update from insurance company |
| **3. Phoenix** | 3033011 | Vladimir Ignatiev | Demand | 2 September 2020 | Keter Oren Shuli Livne | Demand letter. | Waiting for documents from injured party’s counsel and from Keter |
| **4. Phoenix** | 3033226 | Hussein Sadek | Demand | 3 July 2020 | Keter Carmiel | Demand letter: worker tried to free up a jammed tube and yanked at it; the tube struck him in the right eye. Worker went to the emergency room. Blunt injury and retinal problem in right eye (microhyphema) diagnosed | Initial estimate: NIS 22,000 |
| **5. Phoenix** | 3034493 | Nur Hamami | Demand | 8 September 2020 |  | Demand letter: worker set up polystyrene on a machine and a soldering blade fell on his left hand; worker sustained burn on his left forearm (photos available). | Waiting for documents from injured party’s counsel and from Keter |
| **6. Phoenix** | 3034334 | Hajj Abdel Sala | Legal action | 1 July 2020 |  | Civil Claim 55400-12-20: illness, protracted occupational exposure to pressure on base of palms, 19% medical disability given by National Insurance. Claim being handled by Harel, Clal, Phoenix | Estimated risk in Phoenix’s share: NIS 30,000 |
| **7. Clal** | 3029728 | Muhammad Matar | Demand | 30 May 2020 | Carmiel Eshel | Demand letter.  The worker’s hand was burned when it touched the plastic in a machine and he suffered a burn on his left hand as a result. A 10% stable disability was determined for the worker in the NII. | NIS 175,000 |
| **8. Clal** | 3031050 | Kana’na Hamam | Demand | 5 May 2020 | Ashur | Demand letter.  A flat plate injured the worker’s right ankle when it fell on his leg. The worker returned to work after 15 days. | NIS 10,000 |
| **9. Clal** | 3028348 | Dawlat Abu El Hija | Legal action | 6 January 2020 | Carmiel Eshel | Legal Action 49145-03-20.  When the worker tried to make a cut using her left hand, the knife slipped and the worker was cut. The plaintiff is still undergoing a clarification of the procedure with the NII in the matter of the permanent disability. | Being handled by Attorney Shadi Elmadi; estimated risk NIS 100,000 |
| **10. Clal** | 3029210 | Ahmad Sa’id | Closed with settlement | 3 January 2020 | Oren Carmiel site | Demand letter.  The worker slipped and fell on some stairs and his right knee was injured. As a result of the fall, the knee and leg became swollen and infected. The worker was hospitalized for 12 days. Returned to work on 14 March 2020. | NIS 35,000 |
| **11. Clal** | 3034691 | Hadi Halabi | Demand | 1 January 2020 | Yokne’am? | Demand letter; no details about event | 30344993032696 |
| **12. Clal** | 3029289 | Na’if Hutba | Legal action | 27 December 2019 | Carmiel plant | Claim 30770-01-21. The worker’s left hand was injured after closing the pressure machine on his thumb.  Appointed to the law firm of Lurig Nir | Atty. Doron Lourig estimates the risk at NIS 180,000 |
| **13. Clal** | 3027616 | Said Bashir | Demand, handled by insurance company | 6 December 2019 |  | Demand letter: A worker at a machine had a water boiler pipe suddenly burst, causing burns on the worker’s leg. | His counsel estimates the sum demanded at NIS 100,000. |
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| **14. Clal** | 3027422 | Sa’id Muhammad | Legal action / demand | 14 October 2019 | Oren site | Demand letter. **Being handled by the insurance company.**  The worker placed his left hand into a mixer in order to repair a breakdown. According to the documents received, the worker was cut as a result and underwent occupational therapy. A stable disability of 5% was fixed for the worker. | NIS 66,000 |
| **15. Clal** | 3027379 | Onsi Tabas | Demand, being handled by insurance company | 12 October 2019 | Carmiel | Demand letter: amputation of finger. Worker advised shift manager that his machine was malfunctioning and another worker told him to fiddle with the wires; the machine closed on his hand and a finger was amputated. Hospital document: hand was crushed in hinge machine and edge of third finger was amputated. | Larger sum than the deductible. |
| **16. Clal** | 3026828 | Avi Ben Yishai | Legal action | 15 September 2019 | Unloading goods in the Ramle Lod shopping mall compound | Legal Action 16948-12-20.  The worker was unloading goods from the truck. Suddenly the worker fell onto his back and received a blow to his left arm and back. The worker did not return to work after the incident and produced a letter from an occupational physician that he cannot lift any weight and his earning capacity is impaired. | NIS 100,000 |

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| **17.Clal** | 3032046 | Ibrahim Kassam | Legal action | 13 September 2019 | Carmiel | Legal Action 55164-09-20.  The worker put pressure on the Japanese knife, and the knife slipped and hurt his left hand. The worker was diagnosed with an 8 cm cut. According to a private expert opinion, a stable disability of 9.75% was fixed for him. | Being handled by Attorney Shadi Elmaladi – NIS100,000 |
| **18.Clal** | 3033686 | Ahmed Keis | Legal action | 8 September 2019 | Carmiel | Claim 34583-01-21  The plaintiff together with another employee moved a closet - while moving the closet the plaintiff's left hand was crushed. The plaintiff suffered an incision in finger 3. The plaintiff was hospitalized from September 8, 2019 to September 19, 2019. The plaintiff underwent occupational therapy and physiotherapy The National Insurance Institute set a permanent disability of 9.75% | 200,000 |
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| **19.Clal** | 3025954 | Kial Haled | Demand | 18 June 2019 | Not noted | Demand letter. B**eing handled by the insurance company**. During an argument with another worker, the worker punched a window with his fist, the window broke and the worker injured his hand. A permanent disability was fixed for the worker at the rate of 16.5%. | Awaiting a risk assessment by the insurer |
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| **3.** | 3025651 | Kadri Kharim | Demand being handled by insurance company | 21 May 2019 | Erez Warehouses | Demand letter being handled by insurance company.  The worker, together with another worker, was switching forms using a clamp for closing the forms. One of the clamps rotated on its axis and hurt finger #2 of his left hand. The worker suffered a fractured finger. The accident was recognized by the NII and 17 injury days were approved. The attorney of the injured offered to conclude the case for the sum of NIS 6,000 and then retracted. The case is currently being handled by the insurance company | 15,000 |
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| **21. Clal** | 3031946 | Mira Sharif | Demand being handled by insurance company | 22 April 2019 | Alon Tavor | Demand letter. Being handled by insurance company  The worker’s left hand was injured when it became trapped between the thread and upper cylinder of a machine when she was changing nylon in it. 10% disability was determined - the case was transferred to the insurance company | Insurance company's risk assessment: NIS 150,000 |
| **22 . Clal** | 3025377 | Amal Mansur | Demand | 9 April 2019 | Erez Warehouses | Demand letter.  The worker fell on the steps of the women’s dressing room. As a result of the fall, she broke her elbow and was injured in her back. | 60,000 beyond the deductible share. |
| **23.** | 3025480 | Abu Ria Yussuf | Legal action- | 1 April 2019 | Keter Aleh | Legal action 21969-06-21  The worker was injured in finger #2 of his right hand when he was operating a machine and apparently accidentally pressed the lift button. The employee sustained a fracture The accident was recognized by the NII and 90 injury days were approved. | A lawsuit was received on 16.6.21. A risk assessment has not yet been conducted |
| **24. Clal** | 3026483 | Gabarin Akhmad | Demand | 24 February 2019 | Not noted | Demand letter.  The worker slipped and hurt his leg during work.  The worker slipped on both legs, and was injured in the lower limbs. The leg was fractured and the ankle crushed, with remaining restricted movement in the right leg. | 50,000 + |
| **25. Clal** | 3024799 | Sarakhan Nur Al Din | Legal action | 8 February 2019 | Keter Adar | Legal Action 39511-02-20  The worker bumped into an iron pillar which upheld an iron clasp, as a result of which the worker was injured in finger #2 of his right hand.  The employee sustained a transverse scar in finger #4 dorsal aspect of the proximal phalange in the right index finger.  The worker underwent a course of physical therapy treatments.  Unfit for work for 79 days. | Being handled by Attorney Gil Atar  30,000 |
| **26. Clal** | 3027455 | Taga Roma Ezra | Legal action | 16 January 2019 | Not noted | Legal Action 6691-11-19.  The worker picked up cardboard and slipped owing to an oil spill from a nearby machine. The worker slipped, lost his balance and fell backwards.  In a private opinion, a 20% disability rate was determined. | Being handled by Attorney Gil Atar.  200,000 |
| **27. Clal** | 3024363 | Ka’yes Maharan | Legal action | 2 January 2019 | Carmiel | Legal Action 8999-02-20.  The worker picked up some cardboard and slipped onto the floor.  Head and neck injuries were sustained. Hauden sent a rejection letter. | Being handled by Attorney Gil Atar.  30,000 |
| **28. Clal** | 3034118 | Sharif Hussein | Demand, being handled by insurance company | 25 December 2018 |  | Demand letter. The worker was injured in his left knee. On 11/18/2019, the employee underwent an MRI examination and a tear in his meniscus was found. The employee underwent a series of physiotherapy treatments. The National Insurance Institute determined 10% permanent disability |  |
| **29. Clal** | 3023920 | Abu Zahi Jat | Legal action | 23 November 2018 | Erez Carmiel | Legal Action 26732-12-20.  The worker sustained an injury to his right hand when a piston closed on his fingerHe was awarded 90 days of incapacity. In the NII, a stable disability at the rate of 7% was fixed for him. | 70,000 |
| **30 Clal.** | 3024796 | Bashir Muhammad | Legal action | 5 November 2018 | Erez Warehouses | Legal Action 41457-07-20.  The worker injured his finger while trying to free nylon caught in a machine. | Being handled by Attorney Alon Huberman. 80,000 |
| **31. Clal** | 3034042 | Muhamed Hugerath- Maof Human Resources | Legal action | 14 June 2019 |  | Lawsuit 22883-03-21 - A worker was injured on his left hand which got stuck in a conveyor belt  32 days of incapacity until 15.7.2019  Temporary disability and 5% permanent disability  In a private consultation, an 8% disability was determined for the finger injury | Deductible $ 3000 - Third party  Risk assessment: ILS 100,000 |
| **32.** | 3028100 | Mero Jabril | Legal action | 30 October 2018 | Yokneam | Legal Action 64786-12-19.  The veil the plaintiff was wearing got caught in the chain of the machine, pulled the plaintiff in the direction of the motor. The plaintiff was suffocated and received a strong blow. She lost consciousness and was injured in her face, her neck, the left hand and especially in finger #4 of her left hand. | Being handled by Attorney Gil Atar.  100,000  Value of deductible: $3000 - **third party clause** |
| **33.** | 3023846 | Sa’id Bashir | Demand | 10 Oct 2018 | Erez Site – Keter Warehouses | Demand letter.  The worker lowered himself into a pit using an aluminium ladder.  During the descent, the ladder broke, and the worker fell on his back. | 12,000 |
| **34. Clal** | 3024518 | Awida Mezayed | Demand | 8 October 2018 | Sapir Factory 1- Herzliya | Demand letter. The worker fell and was injured in his knee. He was diagnosed with a torn ligament. | Beyond deductible - transferred to insurance company |
| **35. Clal** | 3023843 | Zion Yitzhak | Demand transferred to insurance company | 12 September 2018 | Keter Ashdod | Demand letter.  The worker tried to lower an assembled storage unit from the gallery but failed to hold on to the unit. As a result, the unit slipped onto him, and the worker suffered a fracture in his right hand and an injury to his back and knees. The National Insurance Institue recognizes the incident and set disability at 19%. | 350,000 |
| **36. Clal** | 3024679 | Kana’na Mubarak | Waiting for payment of deductible share | 1 September 2018 | Carmiel | Demand letter.  A condenser fell on the worker’s head. In addition, the worker also complains of headaches, back pain, and hearing problems. | Being handled by the insurance company  14,000 |
| **37. Clal** | 3029189 | Nir Su’ad | Awaiting payment of deductible share | 31 August 2018 | Unknown | Legal Action 57685-01-20.  The worker fell from a height, suffering two fractured ribs. The case concluded in a compromise without appointment of an attorney for 20,000 NIS | 20,000 |
| **38. Clal** | 3026736 | Ahmad Ka’yes | Reached compromise | 12 August 2018 | Carmiel – Workshop at Erez Factory | Demand letter.  The worker replaced a piston, and it fell on finger #5 of his left hand.  \*\* There is no video or safety officer report. The claim was closed and the claimant was paid ILS 6,700 | 9,400 |
| **39.Clal** | 3024049 | Majed Suwayed | Awaiting payment of deductible | 22 July 2018 | Keter Carmiel | Legal Claim 9574-10-18.  The worker was standing on a ladder to tie in and secure a container, he suddenly slipped, and his hand was caught in the tying rope. As a result, the plaintiff sustained an injury to finger #3 of his left hand.  The legal action has concluded, and the deductible of NIS 21,840 must be paid. (NIS 19,500 was paid to the plaintiff + expenses of NIS 2,340.) | 19,500 |
| **40. Clal** | 3023778 | Sua’ad Turkhi | Awaiting deductible payment | 8 July 2018 | Erez Warehouses | Legal Action 36815-02-20.  The worker slipped on oil that came out of the machine. The accident was recognized by the NII. The worker received 84 injury days. The worker remained with a permanent disability of 10%. | The case was closed an the employee was paid ILS125,000. Deductible: ILS 54,750 |

[*Signed*]

Adv. Leticia Lalo-Ivgi

Legal Department – Keter Plastic Ltd.