

**PROTALIX BIOTHERAPEUTICS, INC.**

**CODE**

**OF**

**BUSINESS CONDUCT AND ETHICS**

Effective as of January 1 , 2007

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# PROTALIX BIOTHERAPEUTICS, INC.

## CODE OF BUSINESS CONDUCT AND ETHICS

### I. POLICY STATEMENT

It is the policy of Protalix BioTherapeutics, Inc. (the “Company”) to conduct its affairs in accordance with all applicable laws, rules and regulations of the jurisdictions in which it does business. This Code of Business Conduct and Ethics (“Code”) applies to the Company’s employees, officers and directors. This Code is designed to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in the reports and documents the Company files with, or submits to, the Securities and Exchange Commission (“SEC”) and in other public communications made by the Company;
- compliance with applicable governmental laws, rules and regulations;
- the prompt internal reporting to the appropriate person of violations of this Code; and
- accountability for adherence to this Code.

The Company has established standards for behavior that affect the Company, and employees, officers and directors must comply with those standards. The Company promotes ethical behavior and encourages employees to talk to supervisors, managers, the Company Compliance Team as identified in this Code or other appropriate personnel when in doubt about the best course of action in a particular situation. Non-employee directors are encouraged to talk to the Chief Executive Officer in such situations. Anyone aware of a situation that he or she believes may violate or lead to a violation of this Code should follow the guidelines under “*Compliance and Reporting*” below.

The Code covers a wide range of business practices and procedures. It does not cover every issue that may arise, but it sets out basic principles as guidance. Specific Company policies and procedures provide details pertinent to many of the provisions of this Code. These policies and procedures are not a part of this Code or incorporated herein. Although there can be no better course of action than to apply common sense and sound judgment, do not hesitate to use the resources available or contact the Compliance Officer or the Compliance Team whenever it is necessary to seek clarification.

## **II. APPROVALS AND WAIVERS**

Certain provisions of this Code require you to act, or refrain from acting, unless prior approval is received from the appropriate person. Employees requesting approval pursuant to this Code should request such approval in writing from the Compliance Officer. Approvals relating to executive officers and directors must be obtained from the Company's Board of Directors. All other approvals may be granted by the Compliance Officer, or such officer's designee.

Other provisions of this Code require you to act, or refrain from acting, in a particular manner and do not permit exceptions based on obtaining an approval. Waiver of those provisions relating to executive officers and directors may only be granted by the Compliance Officer.

## **III. CONFLICTS OF INTEREST**

A conflict of interest arises when an individual's personal interests interfere with, or appear to interfere, in any way with the interests of the Company. A conflict of interest can arise when an employee, officer or director takes actions or has interests that make it difficult to undertake and perform his or her work with the Company objectively and effectively. Employees and officers must discharge their responsibilities on the basis of what is in the best interest of the Company, independent of personal consideration or relationships. Directors must discharge their fiduciary duties as directors of the Company.

Employees, officers and directors should disclose any potential conflicts of interest to the Compliance Officer or such officer's designee, who can advise the employee, officer or director as to whether or not the Company believes a conflict of interest exists. Non-employee directors may discuss any concerns with the Compliance Officer or the Chief Executive Officer, employees, officers and directors also should disclose potential conflicts of interest involving the employee's spouse, siblings, parents, in-laws, children and members of the employee's household. Conflicts of interest may arise when an employee, officer or director, or members of his or her family, receive inappropriate personal benefits as a result of his or her position with the Company.

### **Activities Outside the Company**

Although the Company has no interest in preventing employees and officers from engaging in lawful activities during nonworking hours, employees and officers must make sure that their outside activities do not conflict or interfere with their responsibilities to the Company. For example, without approval by the Company, an employee, officer generally may not:

- engage in self-employment or perform paid or unpaid work for others in a field of interest similar to the Company;
- use proprietary or confidential Company information for personal gain or to the Company's detriment;
- use Company assets or labor for personal use, except for incidental use permitted under the Company's policies;

- acquire any interest in property or assets of any kind for the purpose of selling or leasing it to the Company; or
- appear to represent the Company as the participant in an outside activity unless the Company has authorized the individual to represent the Company.

### **Community Activities**

The Company encourages employees, officers and directors to be actively involved in their community through volunteer service to charitable, civic and public service organizations, and through participation in the political process and trade associations.

Employees, officers and directors must make sure, however, that their service is consistent with their employment with or services to the Company and does not pose a conflict of interest. This is particularly important before accepting any leadership position (such as membership on the board of a charitable or civic organization), before seeking or accepting political office and before soliciting a charitable contribution.

### **Service on Outside Boards of Directors**

Serving as a director of another company may create a conflict of interest. Officers and employees must disclose such service to the Compliance Officer and obtain prior approval before serving on the board of another company, whether or not such company is a competitor of the Company.

### **Competitor Relationships**

Employees, officers and directors should avoid even the appearance of a conflict of interest in their relationships with competitors. Without approval, employees, officers and directors may not:

- make or maintain a financial investment in a competitor, except for investments in publicly traded corporations not exceeding 1% of the outstanding common stock of such corporations;
- provide compensated or uncompensated services to a competitor, except for services rendered under a valid Company contract with the competitor;
- disclose any Company proprietary information to a competitor, unless a nondisclosure agreement is in place; or
- utilize for any unauthorized purposes or disclose to a competitor or other third-party any proprietary data that has been entrusted to the Company by a customer or supplier.

## **Corporate Opportunities & Resources**

Employees, officers and directors are prohibited from taking for themselves personal opportunities that are discovered through the use of corporate property, information or position without approval. Without approval, employees, officers and directors may not use corporate property, information or position for personal gain. No employee may compete with the Company, directly or indirectly, for business opportunities except as permitted by the Company's policies.

All employees, officers and directors should protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability. All Company assets should be used for legitimate business purposes.

Company resources may be used for de minimis personal uses, so long as such use is reasonable, does not interfere with one's duties, is not done for pecuniary gain, does not conflict with the Company's business and does not violate any Company policy.

## **Indirect Interests and Relationships**

A conflict of interest also can arise because of the business activities of an officer's, director's or employee's close relations. For example, an officer, director or employee may have a potential conflict of interest wherever a close relative has a significant relationship with, or has a significant financial interest in, any supplier, customer or competitor of the Company.

An officer, director or employee may not make or attempt to influence any decision that could directly or indirectly benefit his or her close relative. To protect the officer, director or employee and the Company from the appearance of a conflict of interest, he or she should make appropriate disclosure of the interest to the Compliance Officer or such person's designee.

## **IV. BUSINESS RELATIONSHIPS**

The Company seeks to outperform its competition fairly and honestly. The Company seeks competitive advantages through superior performance, not unethical or illegal business practices. Each officer, director or employee must endeavor to deal fairly with the Company's customers, suppliers, competitors and employees, officers and directors must not take advantage of them through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any unfair-dealing practice. All employees, officers or directors, or any member of their immediate family, may give or accept gifts in the form of cash, stocks or bonds to or from any person with whom the Company has a business relationship.

### **Suppliers**

The companies and individuals that sell products and services to the Company (the "Suppliers") are important to the Company's business. The Company's officers and employees should always treat Suppliers and potential Suppliers in accordance with the highest standards of business conduct.

Suppliers must be selected on the basis of objective criteria, such as value (quality for price), price, technical excellence, service reputation and production/service capacity.

Officers and employees working with current Suppliers must never intentionally interfere with a Supplier's contracts or business relations with a competitor of the Company.

Individuals with procurement responsibility should review the sections of this Code concerning fair competition and should be familiar with applicable laws and the Company's policies.

### **Contracts and Commitments**

Officers, directors and employees may not enter into any agreement binding the Company without appropriate authorization. The Company has instituted contract and signature approval policies which identify those individuals who have the authority to approve and sign certain contracts binding the Company and its subsidiaries. If there are any questions about which officers, directors or employees have signature authority for a given contract, contact the Compliance Officer or such officer's designee.

Officers, directors and employees involved in proposals, bid preparations or contract negotiations should strive to ensure that all statements, communications, and representations to prospective customers are truthful and accurate. Once awarded, all contracts must be performed in compliance with all specifications, requirements and clauses.

## **V. FAIR COMPETITION**

Fair competition laws, including the U.S. antitrust rules, limit what the Company may do with another company and what the Company may do on its own. Generally, the laws are designed to prohibit agreements or actions that reduce competition and harm consumers. Officers, directors and employees may not enter into agreements or discussions on behalf of the Company with competitors that have the effect of fixing or controlling prices, dividing and allocating markets or territories or boycotting suppliers or customers. United States and foreign antitrust laws also apply to imports and exports.

## **VI. GIFTS, GRATUITIES, ENTERTAINMENT AND OTHER CONSIDERATIONS**

Use of funds or other property of the Company for illegal, unethical or otherwise improper purposes is prohibited. The purpose of business entertainment and gifts in a commercial setting is to create goodwill and a sound working relationship, not to gain personal advantage with customers or suppliers.

### **Gifts**

Except as set out below, without approval by the Compliance Officer or such officer's designees, employees, officers and directors must refrain from giving and receiving business-related gifts.

- No officer, director or employee or agent may solicit, give or accept a gift (including any payment, compensation, loan or other financial favor) to or from a person or organization with the intention of influencing the recipient's business judgment or conduct. Giving or accepting any unsolicited gifts having a value of not more than \$100 where there is a business benefit or purpose for the gift and any benefits received do not influence, or appear to influence, selection and purchasing decisions is permitted. In some countries, gifts having a greater value are customary and may be given or accepted with the approval of the Compliance Officer or such officer's designees.
- It is never appropriate or permissible to accept or give cash or a cash equivalent from or to a vendor, supplier, customer or other business partner outside the Company's normal business. Cash equivalents include, among other things, checks, money orders and vouchers.
- Rules relating to U.S. and foreign government personnel are more stringent. See *"Doing Business Internationally"* and *"Government Contracting"* below.
- No officer, director or employee may accept a customer, vendor or supplier discount for themselves unless it is approved by the Company.

Officers, directors and employees may entertain socially friends or relatives doing business with the Company provided that the entertainment is clearly not related to Company business. No expenses of such entertainment are reimbursable by the Company.

#### **Loans**

Officers, directors and employees may not accept loans from any person or entities having or seeking business with the Company. Executive Officers (as defined in Exchange Act) and directors may not receive loans from the Company, nor may the Company arrange for any loan.

#### **Meals, Entertainment and Travel**

Officers, directors and employees may provide or accept meals and entertainment, including attendance at sporting or cultural events, as long as it is associated with an occasion at which Company business is discussed, is provided as a normal part of business and the activity has a clear business purpose. The value of the activity must be reasonable, appropriate and permissible under the Company's expense account procedures and shall not involve excessive expenditures. Each employee should express care to insure that such activities are necessary and that their value and frequency are not excessive under all the applicable circumstances. Rules relating to U.S. and foreign government personnel are more stringent. See *"Doing Business Internationally"* and *"Government Contracting"* below.

#### **Investment Activities**

Unless an officer, director or employee has sought and received pre-approval, such officer, director or employee may not:

- participate in so-called “directed shares,” “friends and family” and similar stock purchase programs of customers, vendors or suppliers of the Company;
- invest in non-public companies that are, or are likely to be, customers, vendors or suppliers of the Company; or
- invest in non-public companies in which the Company has made or is expected to make an investment.

Investments in non-public companies that do not exceed 1% of that company’s equity securities are exempt from this restriction.

### **Bribes and Kickbacks**

The use of Company funds, facilities or property for any illegal or unethical purpose is strictly prohibited; provided, that certain facilitating payments discussed in “*Doing Business Internationally*” are permitted.

- Officers, directors and employees are not permitted to offer, give or cause others to give, any payments or anything of value for the purpose of influencing the recipient’s business judgment or conduct in dealing with the Company other than facilitating payments.
- Officers, directors and employees are not to solicit or accept a kickback or bribe, in any form, for any reason.

## **VII. DOING BUSINESS INTERNATIONALLY**

The Company is committed to the highest business conduct standards wherever it operates. The Company observes these standards worldwide, even at the risk of losing business. While no one can anticipate all the situations that may present challenges to the Company, officers, directors and employees doing business in the worldwide marketplace, the following guidelines always apply with respect to the Company’s business:

- Observe all laws and regulations, both U.S. and non-U.S., that apply to business abroad.
- Paying bribes to government officials in connection with Company business is absolutely prohibited, even if those bribes are common practice, except for facilitating payments. Officers, directors and employees may not give, promise to give or authorize the giving to a foreign official, a foreign political party or official thereof or any candidate for foreign political office any money or offer, gift, promise to give or authorize the giving of anything of value to influence any act or decision, to induce such official, party or candidate to do or omit to do any act in violation of the lawful duty of such official, party or candidate or to induce such official, party or candidate to use his, her or its influence with a foreign

government or agency to affect or influence any act or decision of such foreign government or agency.

- Do not cooperate with illegal boycotts.
- Observe all licensing requirements and the requirements of applicable import and export control laws.
- Do not enter into an agreement with an agent or consultant that relates to the Company's business outside the United States unless it has been approved by the Company.

The laws governing the Company's business in foreign countries are extensive and complex, and may be different from those in the United States. No new Company services or products should be offered in any new country without prior approval, and then only in accordance with the applicable local country's regulations and requirements.

#### **Facilitating Payments to Low-Level Non-U.S. Governmental Employees and Officials for Non-Discretionary Action**

The Company is committed to complying with the laws of the countries where it operates. In some countries, a very limited category of small payments to facilitate or expedite routine nondiscretionary governmental actions may be permitted as exceptions to antibribery laws, including the U.S. Foreign Corrupt Practices Act ("FCPA"). The requirements pertaining to such payments are complex. Officers and employees engaged in international business activities must obtain prior approval of the Compliance Officer before making any such payment.

These "facilitating payments" to non-U.S. governmental officials are distinguished from payments made to influence a discretionary decision or to cause violation of, or an act in conflict with, the interests of an individual's employer, which are strictly prohibited.

#### **Import and Export Regulation/Trade Compliance**

Because of the international nature of the Company's business, the Company is subject to the import and export laws and regulations of the United States and certain foreign governments. These laws and regulations govern the international transfer of all products and services of the Company, as well as technology, information and ideas belonging to the Company.

Under U.S. law, no technology may be exported without the proper government export licenses and documentation. Exports of technology include not only technology shipped via freight, but also technology that is hand-carried (employees traveling overseas), sent via courier services or U.S. mail, electronically transmitted and/or disclosed to foreign nationals in the United States or abroad. "Technology" is defined as hardware, software, technical documentation, product specifications, technical data, etc.

It is the responsibility of the Company's officers and employees to ensure that proper documentation accompanies each export or disclosure. Failure to export or re-export without the

proper export license or documentation can jeopardize the Company's compliance with U.S. export laws, as well as those laws of foreign countries. Non-compliance can result in denial of export privileges, criminal penalties, seizure of commodities and fines to the Company and its employees.

The Company may be prohibited from doing business with certain individuals, groups or organizations in both domestic and export markets. The Company's Compliance Officer should be consulted to ensure the Company is not doing business with a "denied party."

It is the Company's policy to comply fully with all applicable U.S. and foreign laws controlling the export and re-export of products, technology (including software) and services. To the extent feasible, the Company is expected to perform due diligence and know its customer in any business transaction.

### **Antiboycott Compliance**

The United States has enacted antiboycott regulations which make it unlawful for U.S. persons to participate in any activity that could have the effect of promoting or supporting a boycott or restrictive trade practice of another country against customers or suppliers located in a country friendly to the U.S. or against a U.S. person, firm or corporation. Boycott issues arise most frequently in connection with the Arab boycott of Israel. Prohibited actions include, but are not limited to, furnishing information about business relationships with boycotted countries, or information about race, religion, sex or national origin. The Company will not agree to a contract, document or oral request containing language that could be interpreted as an attempt by any country to enforce a boycott. Any request to participate in such activity relating to the Company should be immediately reported to the Compliance Officer or such officer's designee.

## **VIII. POLITICAL CONTRIBUTIONS AND LOBBYING**

No political contributions are to be made using the Company's funds or assets, or the funds or assets of any of the Company's subsidiary, to any political party, political campaign, political candidate or public official in the United States or any foreign country, unless the contribution is lawful and expressly authorized in writing. In addition, officers, directors and employees may not make a political contribution on behalf of the Company or its subsidiaries, or with the appearance that such contribution is being made on behalf of the Company or its subsidiaries, unless expressly authorized in writing. A "contribution" is any direct or indirect payment, distribution, loan, advance, deposit or gift of money, services or anything of value in connection with an election or to an organization or group formed to support or defend a referendum or ballot issue.

Nothing in this Code is intended to discourage officers, directors and employees from making contributions of their own time or funds to political parties or candidates of their choice. However, officers, directors and employees will not be compensated or reimbursed by the Company for any personal contributions.

Officers, directors and employees must obtain prior approval to hire outside counsel or a public affairs firm to contact government officials regarding legislation, regulatory policy or rule making. This includes grassroots lobbying contacts.

## **IX. ACCURACY OF REPORTS, RECORDS AND ACCOUNTS**

Officers and employees are responsible for the accuracy of their records, time sheets and reports. Accurate information is essential to the Company's ability to meet statutory, regulatory and contractual obligations and to compete effectively. The records and books of account of the Company must meet the highest standards and accurately reflect the true nature of the transactions they record. Destruction of any records, books of account or other documents except in accordance with the Company's document retention policy is strictly prohibited.

Officers and employees must not create false or misleading documents or accounting, financial or electronic records for any purpose relating to the Company, and no one may direct an employee to do so. For example, expense reports must accurately document expenses actually incurred in accordance with the Company policies. Officers and employees must not obtain or create "false" invoices or other misleading documentation or invent or use fictitious entities, sales, purchases, services, loans or other financial arrangements for any purpose relating to the Company. Officers and employees are also responsible for accurately reporting time worked.

No undisclosed or unrecorded account or fund may be established for any purpose. No false or misleading entries may be made in the Company's books or records for any reason. No disbursement of corporate funds or other corporate property may be made without adequate supporting documentation or for any purpose other than as described in the documents. All officers and employees must comply with generally accepted accounting principles and the Company's internal controls over financial reporting at all times.

## **X. GOVERNMENT INVESTIGATIONS**

It is the Company's policy to cooperate with all government investigations. Officers, directors and employees must immediately notify the Compliance Officer of any government investigation or inquiries from government agencies concerning the Company. Officers, directors and employees may not destroy any record, books of account or other documents relating to the Company except in accordance with the Company's document retention policy. If an officer, director or employee is aware of a government investigation or inquiry he or she may not destroy or alter any record, books of account or other documents relating to the Company unless advised by the Compliance Officer or the officer's designee, that he or she may continue to follow the Company's normal document retention policy.

Officers, directors and employees must not obstruct the collection of information, data or records relating to the Company. The Company provides information to the government that it is entitled to during an inspection, investigation or request for information. Unless otherwise directed, officers, directors and employees must notify the Compliance Officer immediately of any subpoena from, or other contact from, a government agency regarding the Company. Officers, directors and employees must not lie to government investigators or making misleading statements in any investigation relating to the Company. Officers, directors and employees must not attempt to cause any employee to fail to provide accurate information to government investigators.

Officers, directors and employees have the right to consult their own legal counsel at their own expense.

## **XI. REGULATORY COMPLIANCE**

The Company is subject to regulation by foreign, federal, state and local agencies. The Company and its employees must comply with the regulatory requirements of these agencies. Employees are expected to take an active role by being knowledgeable about all applicable laws and regulations, attending trainings and requesting information. Officers and employees are required to immediately report regulatory violations, suspected regulatory violations or potentially harmful or dangerous conditions to a supervisor.

## **XII. INSIDER TRADING; COMMUNICATIONS WITH THIRD PARTIES**

Employees, officers and directors who have access to material non-public or confidential information of the Company are not permitted to use or share that information for stock trading purposes or for any other purpose except the conduct of the Company's business. Please see the Company's "Insider Trading Policy" and the Company's "Pre-Clearance and Blackout Policy" for additional details.

### **Insider Trading**

Inside information is material information about a publicly traded company that is not known by the public. Information is deemed "material" if it could affect the market price of the Company's securities or if a reasonable investor would consider it important in making a decision to purchase, sell or hold the Company's securities. Inside information typically relates to financial conditions, such as progress toward achieving revenue and earnings targets or projections of future earnings or losses of the Company. Inside information also includes changes in strategy regarding a proposed merger, acquisition or tender offer, new products or services, contract awards, commencement of litigation and other similar information. Inside information is not limited to information about the Company. It also includes material non-public information about others, including the Company's customers, suppliers and competitors. It is important to keep in mind that material information need not be certain or definitive information. Even information concerning events, actions, results, etc., that may happen can be considered material under certain circumstances.

Insider trading is prohibited by law. It occurs when an individual with material, non-public information trades securities or communicates such information to others who trade. The person who trades or "tips" information violates the law if he or she has a duty or relationship of trust and confidence not to use the information.

Trading or helping others trade while aware of material non-public information has serious legal consequences, even if the officer, director or employee does not receive any personal financial benefit. Officers, directors or employees may also have an obligation to take appropriate steps to prevent insider trading by others.

## **Communications with the Media and the Financial Community**

The Company communicates with the press and with the financial community through official channels only. The Company provides accurate and timely information about its business, to investors, the media, and the general public. All inquiries received from financial analysts or the media concerning the Company, and all legal inquiries, must immediately be directed to the Compliance Officer. All inquiries regarding current or former employees of the Company should be referred to the Human Resources Department.

## **Confidential Information**

Officers, directors and employees must maintain the confidentiality of information entrusted to them by the Company or its customers, except when disclosure is authorized or legally mandated. Confidential information includes all non-public information, including information that might be of use to competitors or harmful to the Company or its customers if disclosed.

## **XIII. TECHNOLOGY USE AND PRIVACY**

The Company provides various technology resources (including computers, telephones, software, copying machines, Internet access and voice mail) to officers, directors and employees to assist in their performance of their duties on behalf of the Company. Officers, directors and employees have the responsibility to use the Company's technology resources in a manner that complies with applicable laws and Company policies.

### **Authorization**

Access to the Company's technology resources is within the sole discretion of the Company and subject to Company policies. Generally, officers, directors and employees are given access to the Company's various technologies consistent with their job functions. The Company reserves the right to limit such access by any means available to it, including revoking access altogether.

### **Prohibition Against Violating Copyright Laws**

Officers, directors and employees may not use the Company's technology resources to copy, retrieve, forward or send copyrighted materials unless they have the author's permission or are accessing a single copy only for your own reference.

### **Other Prohibited Uses**

Officers, directors and employees may not use any of the Company's technology resources for any illegal purpose, in violation of any Company policy, in a manner contrary to the best interests of the Company, in any way that discloses confidential or proprietary information of the Company or third parties on an unauthorized basis or for personal gain.

#### **XIV. OUR WORK ENVIRONMENT**

The diversity of the Company's officers and employees is a tremendous asset. It is the Company's policy to ensure equal employment and advancement at every level of employment and will not tolerate any illegal discrimination or harassment. In addition, the Company strives to provide each employee with a safe and healthy work environment. Each employee has responsibility for maintaining a safe and healthy workplace for all employees by following health and safety rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions.

#### **XV. ENVIRONMENTAL**

The Company must comply fully with all state, federal and applicable international laws relating to the protection of the environment in the conduct of its business. Officers and employees must use, store and dispose of all hazardous materials properly and in accordance with applicable regulations. Officers and employees must report to the Compliance Officer, in accordance with Company policies, all circumstances under which hazardous materials or wastes come in contact with the environment, are improperly handled or disposed of or where a potential violation of law may exist.

#### **XVI. COMPLIANCE AND REPORTING**

##### **Compliance**

Any officer, director or employee who violates the provisions of this Code will be subject to disciplinary action. The Company shall determine, or designate appropriate persons to determine, appropriate actions to be taken in the event of violations of this Code. Such actions shall be reasonably designed to deter wrongdoing and to promote accountability for adherence to this Code. In determining what action is appropriate in a particular case, the Board of Directors or such designee shall take into account all relevant information, including the nature and severity of the violation, whether the violation was intentional or inadvertent, the extent of the likely damage to the Company and its shareholders resulting from the violation and whether the individual has committed previous violations of this Code or other Company policy concerning ethical behavior. The Company shall provide a written notice to the individual involved in the violation stating that the Board of Directors or such designee has determined that there has been a violation and indicating the action to be taken by the Company against the individual.

Violations of the rules and policies of conduct set forth in this Code may result in one or more of the following disciplinary actions, as appropriate:

- a warning;
- a reprimand (noted in the employee's personnel record);
- probation;
- demotion;

- temporary suspension;
- required reimbursement of losses or damages;
- termination of employment; and/or
- referral for criminal prosecution or civil action.

Willful disregard of criminal statutes underlying this Code may require the Company to refer such violation for criminal prosecution and/or civil action.

### **Reporting Procedures and Other Inquiries**

Questions regarding the policies in this Code may be directed to the Compliance Officer or the Company's Compliance Team. Managers and supervisors also are resources who can provide timely advice and guidance to officers, directors and employees on ethics and compliance concerns. Any officer, director or employee having knowledge of, or questions or concerns about, an actual or possible violation of the provisions of this Code is encouraged promptly to report the matter to his or her immediate supervisor or to a member of the Compliance Team. The names and contact information for the members of the Compliance Team are set out below. Directors are encouraged to discuss any issues or concerns with the Chief Executive Officer.

If you have concerns relating to the Company's accounting, internal controls or auditing matters, you also may confidentially, and anonymously if you desire, submit the information in writing to the following address:

Via Mail: Mr. Amos Bar Shalev, Technorov Holdings (1993) Ltd.

Via E-mail: [amos@alrov.co.il](mailto:amos@alrov.co.il)

Via Voice Mail: +972-3-7147770

When submitting concerns, officers, directors and employees are asked to provide as much detailed information as possible. Providing detailed, rather than general, information will assist the Company in effectively investigating complaints. This is particularly important when submitting a complaint on an anonymous basis, since the Company will be unable to contact such officer, director or employee with requests for additional information or clarification.

The Company is providing these anonymous reporting procedures so that officers, directors and employees may disclose genuine concerns without feeling threatened. Officers, directors and employees who choose to identify themselves when submitting a report may be contacted in order to gain additional information.

All conversations, calls and reports made under this Code in good faith will be taken seriously. Any allegations that are knowingly false or without a reasonable belief in the truth and accuracy of such information will be viewed as a serious disciplinary offense.

### **Policy Prohibiting Unlawful Retaliation or Discrimination**

Neither the Company nor any of its employees may discharge, demote, suspend, threaten, harass or in any manner discriminate against any employee in the terms and conditions of employment based upon any lawful actions of such employee who in good faith:

- provides information or assists in an investigation relating regarding any conduct which the employee reasonably believes constitutes a violation of Fraud Laws (as defined below); or
- files, testifies, participates or otherwise assists in a proceeding that is filed or about to be filed (with any knowledge of the Company) relating to an alleged violation of a Fraud Law.

This policy applies in any instance where such information or assistance provided to, or the investigation is conducted by, a federal regulatory or law enforcement agency, any member or committee of Congress, or any person with supervisory authority over the employee or the authority to investigate misconduct relating to potential securities violations by the Company or its employees. For purposes of this policy, a “Fraud Law” is a violation of federal criminal law involving:

- securities fraud, mail fraud, bank fraud or wire, radio or television fraud;
- violations of SEC rules or regulations; or
- violations of any federal law relating to fraud against shareholders.

**The Company Compliance Team:**

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This document is not an employment contract between the Company and its officers, directors and employees, nor does it modify their employment relationship with the Company.

This Code is intended to clarify the existing obligation of officers, directors and employees for proper conduct. The standards and the supporting policies and procedures may change from time to time in the Company’s discretion. Officers, directors and employees are responsible for knowing and complying with the current laws, regulations, standards, policies and procedures that apply to the Company’s work.