



# Code of Ethics and Business Conduct

.....

August 2014

## I. INTRODUCTION

THIS CODE OF ETHICS AND BUSINESS CONDUCT, which we refer to as this “Code” contains the basic standards adopted by the Company's Board of Directors (the Board) that relate to the honest, ethical and legal standards of conduct of directors, officers, employees and Business Partners of Robo-Team Ltd. and its North American subsidiary (the Company or Roboteam).

It is the Company's policy that its directors, officers, employees, and Business Partners are held to the highest standards of honest and ethical conduct when conducting the affairs of the Company. In further, it is the personal responsibility of each director, officer, and employee of the Company to adhere to the standards and restrictions, whether imposed by law or by this Code, applicable to his or her assigned duties and responsibilities and to conduct himself or herself accordingly. Such standards and restrictions require each director, officer, and employee to avoid any activities which would involve the Company in any practice which is not in compliance with applicable laws or this Code. Any director, officer, employee or Business Partners who does not adhere to such standards and restrictions is acting outside the scope of his or her employment or agency.

In particular, this Code summarizes Company's policies and guidelines that ensure and/or promote:

- Honest and ethical conduct, including the ethical handling of conflicts of actual or apparent conflicts of interest between personal and professional relationships;
- Compliance with applicable laws, rules and regulations;
- Prompt internal reporting of violations of this Code; and
- Accountability for adherence to this Code.

We believe that conducting Company's business honestly, ethically and with integrity are crucial to Company's continued success and growth and are essential attributes of the Company's reputation. We strongly believe that a reputation for honesty is a priceless asset.

## II. ETHICS

- 
- 
- I. General. The Code's basic standards, together with other Company's procedures, are designated to facilitate honest and ethical conduct. However, these provisions shall not cover all the applicable situations. In event of conflict between the law and Company's ethics policy, you must comply with the law. Still, in event of a conflict with a particular local custom or practice, this Code takes precedence. While local customs and traditions vary from place to place, honesty and integrity are not subject to criticism in any culture.
  - II. Compliance with Law. It is the Company's policy to observe and comply with all laws, rules and regulations of governmental agencies and authorities applicable to the Company or the conduct of Company's business wherever located. Company's directors, officers, employees and Business Partners are not expected to know the details of all applicable laws, rules and regulations. However, they are expected to be familiar with company's published policies and procedures and to seek advice from the Company's legal consultants if they have any questions about whether a legal requirement applies to a particular situation or what conduct may be required to comply with any law, rule or regulation.
  - III. Export Controls. Our Company engages in international trade, export, import, marketing, sales and business entrepreneurship in world markets. As a global Company that manages its business on the international playing field, we strictly comply with the local and international legal regulations for world trade that are incumbent on our activities, including, but not limited to, the export controls laws and regulations. We are obligated to comply with the Israeli Defense Export Control Law, 2007 and all regulations promulgated under it and with the United States, export controls laws and regulations including the International Traffic in Arms Regulations (ITAR). Strict compliance with all applicable international trade laws and regulations is a critical component for the Company's success in world markets. Therefore, our directors, officers, employees and Business Partners are obligated to comply with the laws related to the Company or business management in Israel United States, or, wherever the Company conducts its business. If you are uncertain about any performance related to issues of export, import, etc., you should consult with the Company's legal consultant.
  - IV. Honest and Ethic Conduct. Beyond legal compliance, all company's directors, officers, employees and Business Partners are expected to observe high standards of business and personal ethics in the execution of their assigned duties and responsibilities. This requires the practice of honesty, integrity and fair dealing in every aspect of dealing



with other Company's employees, the business community, shareholders, customers, suppliers and governmental and regulatory authorities. The Company's directors, officers, employees and Business Partners should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation, or any other unfair dealing or practice.

- V. Accounting Controls, Procedures & Records. Applicable laws, regulations, and Company's policy require the Company to maintain books and records that accurately and fairly reflect its transactions and the dispositions of its assets.
- VI. Nondiscrimination. Company's policy prohibits unlawful discrimination against shareholders, directors, officers, employees, customers or suppliers on account of race, color, age, sex, religion or national origin. All persons will be treated with dignity and respect and they will not be unreasonably interfered with in the conduct of their duties and responsibilities.

### III. CONFIDENTIALITY

- A. General. Company's directors, officers and employees are obliged to protect Company's proprietary information. Such information includes intellectual property such as trade secrets, patents, trademarks and copyrights, as well as business, marketing, financial, human resources, technical and administrative information that has not been properly released to the public domain (the "Propriety Information"). Unauthorized use or distribution of this information violates Company's policy.
- B. No Disclosure of the Company's Propriety Information. No director, officer, or employee entrusted with, or otherwise knowledgeable about the Propriety Information, shall disclose such information outside the Company, either during or after employment or other service to the Company, without the Company's prior written authorization to do so.
- C. Limitation on Use of Information Regarding Others. The Company also works with suppliers' and customers' proprietary data. The protection of such data is of the highest importance and must be discharged with the greatest care in order to maintain the continued confidence of such persons. The disclose of confidential or proprietary information owned by third parties to non-directors or non-employees without Company's prior written authorization is prohibited, and in any event such disclosure is permitted only when a need-to-know basis is established.

- 
- D. Company's directors, officers, employees and Business Partners are refraining from speaking on behalf of the Company, or discussing any Company issues in the social networks, including, publish any work-related information other than the Company's name and their current position, any information that might cause damages to the Company, Company's customers identity, or business conflicts or arguments through the internet.

#### IV. CONFLICTS OF INTEREST AND BUSINESS OPPORTUNITIES

Company's policy prohibits conflicts between the Company's interests and the personal interests of our directors, officers, employees and Business Partners.

- A. Conflict of Interest. A "conflict of interest" occurs when (i) one's personal interests interfere or may interfere in any manner, or appear to interfere, with the best interests of the Company (ii) a person takes actions or has interests that interfere with the ability to perform his or her work for the Company objectively and effectively (iii) director, officer employee or Business Partners of the Company, or a family member of each one of them or other person affiliated with them (as further explained below) derives a personal benefit as a result of the director, officer or employee position in the Company.
- B. Corporate Opportunities. As a director, officer, employee or Business Partner of the Company you are prohibited from exploiting for your personal advantage, any opportunities that are discovered during the period of your engagement, through the use of Company's property, information or position, unless all required approvals are obtained. Similarly, you must not compete with the Company.
- C. Examples. A conflict of interest may arise for example when: (i) a person is having a financial interest in another entity and such other entity has a significant business relationship with, or is a direct competitor of, the Company, (ii) a director, officer, employee or Business Partner is exploiting for such person's personal advantage, any opportunities that are discovered during the period of his/her engagement, through the use of Company's property, information or position or (iii) personal gifts, entertainment or other benefits are offered or accepted by persons doing business with, or on behalf of, the Company in an unreasonable way or not in the ordinary course of the business relationship. (iv) hiring decisions that based on personal rather than competence considerations.

## V. INTERNAL ACCOUNTING CONTROLS AND PROCEDURES FOR FINANCIAL REPORTING



- A. Introduction. Company's policy is to maintain a system of internal accounting controls to ensure reliability and adequacy of the Company's books and records and proper recording of all transactions including dispositions of assets. The Company has adopted and implemented internal accounting controls, procedures and records to ensure, inter alia, the flow of information from all levels of the Company to the Company's Chief Financial Officer (the CFO) and the CEO. Full, fair, accurate, timely and understandable disclosure is required in all financial reports of the Company. These internal accounting controls, procedures and records are based on the following principles:
- B. Authorization & Approval. The transactions that are entered into, and recorded, by the Company in its books and records are those that specifically, properly and formally approved by a designated appointed director, officer or employee. Such approval shall be in accordance with the procedures and policies of the Company. In addition, it is necessary that documentary evidence shall verify the validity of each particular transaction. Any transaction that fulfills these conditions must be recorded in the Company's books and records.
- C. Accounting. The Company will record in its books and other records all the transactions that entered into by the Company. In order to ensure reliability and adequacy of Company's books and records, each entry to the books or records will be coded into an account which accurately and fairly reflects the true nature of the transaction.
- D. Independent Auditors. Company's books, records, premises and assets shall be available for review and audit by the company's Independent Auditors, provided that it is for the purpose of the preparation of the Company's financial reports which we are required to submit under any applicable law or agreement. In addition, The Company and its directors, officers and employees shall not conceal such information books and records from the independent auditors.
- E. Compliance. All directors, officers and employees shall comply at all times with generally accepted accounting principles and the Company's system of internal accounting controls.

- 
- F. Responsibility. It is the primary responsibility of the Board of Directors to adopt internal accounting controls, policies and procedures and conducting internal auditing with respect to the implementation of such policies. The CFO is responsible for the implementation and the maintenance of the internal accounting controls, procedures and records under the requirements of this Code.

## VI. ANTI BRIBERY COMPLIANCE

- A. Introduction. It is the clear policy of the Company that its directors, officers' employees and Business Partners are prohibited from committing any offense under any applicable anticorruption laws, including providing bribes to local and foreign public officials in order to gain any business advantages for the Company. Each of the Company's directors, officers, employees and/or Business Partners are required to avoid any activities which would involve the Company or him/her/it in any practice which is not in compliance with the provisions of any such applicable laws. Any director, officer, employee and/or Business Partner who does not adhere to such requirements is acting outside the scope of his/ her/its employment or engagement.
- B. Responsibility. It is the responsibility of each of the Company's directors, office holders, employees and/or Business Partners to avoid violations of the requirements of the OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions (the "Convention"), and accordingly, the legislation amendment to the Israeli Penal Code 1977 establishing a criminal offense of bribing a foreign public official (the "Act"). In addition, we are subject to the US Foreign Corrupt Practices Act (FCPA) as we are conducting major part of our activities in the United States. We also endorse the Global Principles of Business Ethics for the Aerospace and Defense Industry and the United Nations Convention against Corruption (UNCAC) Each of the Company's directors, officers, employees and/or Business Partners are required to take appropriate actions if he/she/it suspects that illegal conduct has occurred or is occurring. Failure to report illegal conduct or violation of this Code which any of the Company's directors, officers, employees and/or Business Partners are aware of, is in itself a violation. Engaging in illegal conduct can have serious consequences for you, including disciplinary action up to and including termination, and even criminal or civil penalties.

## VII. RELATIONSHIP WITH BUSINESS PARTNERS.

- 
- A. Full compliance of this Code by Business Partners of the Company. It is the clear policy of the Company that its agents, distributors, representatives, consultants, or any kind of sales promotion and introduction service providers and business partners

("Business partners") shall be bound by this Code. In light of the above, any Business Partner is required to comply with this Code and acknowledges and undertakes to be bound by its terms as part of such Business Partner's engagement terms with the Company.

- B. Procedures for engagement with Business partners. Anti-bribery laws prohibit "indirect" actions as well as direct bribery actions. For example, payment or any attempt to make a payment, directly or indirectly, in order to influence others is prohibited, including in pursue of an award of a contract or an order, or any favorable treatment in connection with a business transaction shall be deemed as a bribe. Therefore, there is a possibility that the Company may be involved in a bribery action, even when the actual act was performed by a third party. Accordingly, in order to prevent the possibility that the Company will be involved in a bribery action as a result of acts by third parties, the Company has implemented preventive measures consisting of the following procedures set forth below.

REMEMBER: TURNING A BLIND EYE OR IGNORING ALERTS ("RED FLAGS") DOES NOT EXONERATE THE COMPANY OR YOURSELF FROM CRIMINAL LIABILITY

- C. Due Diligence. The Company conducts risk based due-diligence for any Business Partner before entering into any agreement with such potential Business Partners. Such due-diligence includes the following: (i) oversight of its business background, ownership and reputation for business integrity ensuring it has the requisite qualifications; (ii) the experience and reputation in the applicable territory; (iii) the nationality/jurisdiction of incorporation of the Business Partner; and (v) whether it holds the applicable export license or not under the applicable laws which applies to it. The due diligence report shall be submitted to the Compliance Officer who shall report the findings to the Co-CEOs and the Chairman of the Board. In addition, as part of the aforesaid due diligence process, the Business Partner will be required to complete and provide the Company with a questionnaire which is intended to identify potential alerts for such Business Partners.
- D. Alerts. Due to the fact that the Company is obligated not to turn a blind eye to potential alerts relating to its Business Partners, the following alerts constitute signs



that a Business Partner may be engaged in prohibited activity and further investigation is required: (i) Unusual payment requests, such as requests to be paid in cash, requests for payment in a different country; (ii) requests for large payments in advance, requests to transfer payments directly to other parties; (iii) instructions to make payments to a bank account other than the contracting party's bank account; (iv) Refusal to be bound by this program; (iv) Request for unusual, large compensation which does not commensurate common practices or the Company's procedures; and(v) recommendation of a public official to render the services of a Business Partner.

- E. Execution of Agreements with Business Partners. Execution of agreements and conducting of negotiations with Business Partners are made only in accordance with internal procedures of the Company or otherwise as determined by the Board, on a case by case basis. Such agreements must be in writing and must describe in reasonable detail the services to be performed, the fee basis, the amounts to be paid and other material terms and conditions. The Company shall not enter into engagement with a Business Partner unless the Compliance Officer approves the satisfactory completion of such Business Partner's due diligence review, including the submission of the Questionnaire by the Business Partner. All agreements with Business Partners shall include provisions requiring each such Business Partner to: (i) comply fully with relevant anti-bribery laws, if applicable, and (ii) to refrain from giving any item of value to any government official in order to retain business or secure an improper privilege; and (iii) compliance with this Code. In addition, the prior written approvals of the Chairman of the Board and the CEO are required in connection with the execution of agreements with any Business partner, including for determine the rate of the fee. The fees shall be customary to the relevant market and based on applicable studies. Payments to Business Partners will not be made in cash, and should be made directly to the designated bank account of the Promotion Service Provider who provided the services

## VII. DISCIPLINARY

- A. Violations. Violating this Code is expressly outside the scope of the engagement of any director, officer or employee or Business partner with the Company and will result in disciplinary measures against any director, officer, or employee who has violated this Code.

Reporting. Any director, officer or employee of the Company should promptly report violations of laws, rules, regulations or this Code in accordance with the Whistleblower Process which approved by the Board and attached as Exhibit A hereto (the

Whistleblower Process). In addition, the Company's employees are encouraged to talk to supervisors, managers or other appropriate personnel when in doubt about the best course of action in a particular situation.

- B. Investigation & Protection for Reporters. All reports of violations of this Code will be promptly investigated in accordance with the Whistleblower Process. Any reporter will be protected from any adverse impact on his or her position and from any other form of retaliation resulting from his or her report provided that such report was done in good faith.

## VIII. ADOPTION, APPLICATION AND INTERPRETATION OF THE CODE

- A. Adoption and Amendment by the Board of Directors. This Code has been adopted by the Board and may also be found on the company's website: <http://www.roboteam.com/>. This Code may be changed at any time by the Board without prior notice.
- B. Implementation. Each Director, officer, employee, and Business Partner of the Company is subject to this Code, and is required to acknowledge and undertake to be bound by its terms as part of her/his/it engagement terms with the Company, and to ratify such obligation every anniversary.
- C. Waiver. Waivers of the provisions of this Code may be granted or withheld from time to time by the Board. Waivers are only effective if set forth in writing after full disclosure of the facts and circumstances surrounding the waiver. All waivers granted pursuant to this provision shall be kept with the Company's Secretary.
- D. Interpretation of the Code. This Code was developed and is intended to be applied in good faith with reasonable business judgment. Unless the context otherwise requires: (i) a term has the meaning assigned to it by this Code; (ii) including means "including but not limited to"; (iii) "or" is disjunctive but not exclusive; (iv) words in the singular include the plural, and in the plural include the singular; and (v) each of the masculine, feminine and neuter genders includes the other genders. Final authority with respect to the interpretation of this Code rests with the Board and shall be final and binding.
- E. No Limitation on Other Obligations. Nothing contained in this Code is intended, or should be construed as, in any way limiting or reducing other obligations that any director, officer and employee may have to the Company or other persons or entities,

including, but not limited to pursuant to the applicable law, employment agreement or otherwise.

- 
- F. No Third Party Rights. This Code is intended to govern the relationship between the Company and its directors, officers and employees and shall not confer any rights or remedies upon any person or entity other than the Company and its directors, officers and employees.
  - G. Reports Relating to Financial Matters or Internal Controls. If any report of wrongdoing relates to accounting, accounting control or auditing matters, and such report is not provided directly to a member of the Finance Committee, a copy of the report will be promptly provided to the Chairman of the Finance Committee, and the Finance Committee may participate in the investigation and resolution of the matter.

*This code is only a general guideline. This code is intended as a statement of basic principles and standards and does not include specific rules that apply to every situation.*

*This code also should be viewed within the framework of company's other policies, practices, instructions and the requirements of the law. In addition, the absence of a specific corporate policy, practice or instruction covering a particular situation does not relieve you of the responsibility for acting ethically under the circumstances.*

## APPENDIX A



### "Whistle –Blower"

In order to facilitate a non-threatening and non-retaliatory reporting of complaints regarding illegal or unethical conduct, the Board has established these complaint procedures, which we refer to as these Procedures, for: (1) the receipt, retention and handling of complaints regarding illegal or unethical conduct; and (2) the confidential, anonymous reporting by employees of their concerns regarding any questionable illegal or unethical conduct as well as with respect to any questionable accounting or auditing matters.

#### *Receipt, Retention and Handling of Complaints*

Any officer, employee or Business partner may bring information regarding illegal or unethical conduct to the attention of each of the CEOs and the Compliance Officer. The CEO and the Compliance Officer will supervise the handling of complaints concerning such illegal or unethical conduct including violations of the Company's standards for accounting, controls or auditing matters. In event that the reporter is one of the Company's Director or the CEO, such information shall be submitted to the Chairman of the Board of Directors of the Company (the Chairman).

The complaints may be on a confidential or on an anonymous basis, and may be reported by phone, submitted in writing by E-mail, or by regular mail: all in accordance with the contact details detailed below. However, in order to be better able to respond to any complain, we would prefer that you identify yourself and give us your telephone number and other contact information when you submit your complain.

Uzzi Rozzen	Shahar Abuhazira	Elad Levy	Shaul Apirion
Chairman	CEO	CEO	Compliance Officer
14 <sup>th</sup> HaAhim Mislavuta St., Tel Aviv, Israel	15890 Gaither Drive, Gaithersburg MD, 20877, US	14 <sup>th</sup> HaAhim Mislavuta St., Tel Aviv, Israel	14 <sup>th</sup> HaAhim Mislavuta St., Tel Aviv, Israel
(972) 3-687-0008	(1) 301-654-2722	(972) 3-687-0008	(972) 3-687-0008
uzzi@robo-team.com	shahar@robo-team.com	elad@robo-team.com	shaul@robo-team.com

Upon receipt of such a complaint the CEO, or the Chairman as applicable, after consultation with the Compliance Officer: (i) will decide whether the complaint is indeed regarding an illegal or unethical conduct and (ii) when possible, acknowledge receipt of the complaint to the reporting person.



Such Complaints will be reviewed by the Board and transferred for professional evaluation to the persons that the Board determine to be appropriate with respect to any applicable complaint.

Confidentiality will be observed as fully as possible consistent with the need to conduct an adequate review. We will make all reasonable efforts to handle the Procedures with discretion and protect the identity of those who complained as well as those who are being investigated. However, whenever it is necessary, and in order to conduct an appropriate review or to comply with any applicable law requirements, the Company's Board of Directors, independent auditors or others may become involved in the investigation results of these Producers. In addition, we will notify to the appropriate authorities about any apparent of a violation of the law.

### *Retaliation*

We will not discharge, demote, suspend, threaten, harass, or in any way discriminate against, any director, officer or employee in the terms and conditions of employment or any other form of engagement because he or she provided information, caused information to be provided, or otherwise assisted in an investigation regarding any conduct by the Company, its directors, officers or employees that he or she reasonably believes in good faith may constitute a violation of laws or this Code. In addition, we will not tolerate any form of retaliation against any director, officer or employee who takes such actions. Any act of retaliation should be reported immediately and will be investigated.

### *Reporting and Retention of Complaints and Investigations*

The CEO, or the Chairman, as applicable, will (i) maintain a record of all complaints received the monitoring of their receipt, their investigation and resolution and (ii) shall prepare a summary report of the same for the Board on a quarterly basis.

The CEO or Chairman (as applicable) will ensure that such complaint reporting shall be included as an item on the agenda for the Board's quarterly meeting.

Copies of any such complaints, records and reports will be filed and maintained with the Board files.

### *Questions*

If you have any questions about the Procedures or other issues with respect to the Code you may contact with the CEO or the Chairman as applicable.