

# **COMPUGEN LTD. CODE OF CONDUCT**

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## **INTRODUCTION**

As individuals we value integrity, honesty, ethical conduct and fairness. We believe in applying, and we apply these values to our behavior as employees, managers, officers and directors.

As a corporation, Compugen strives to conduct its business with the highest degree of integrity and honesty. In every activity, including making business decisions, employee-employee interactions and contact with customers, contractors, suppliers and other third parties, we ought to abide by the laws and rules set out in this document. We are confident that consistent ethical conduct is and will continue to be a major factor in our success, however, in case of a conflict between ethical conduct and business success – ethical conduct comes first.

Managers are expected to understand and inform all employees and contractors under their supervision of this Code of Conduct, ensuring that their group both abide by the letter and spirit of all applicable law and practices the highest standards of business integrity.

This Code of Conduct addresses several key areas of business conduct; however, no code or policy can anticipate or address all situations that may arise and we will invariably encounter "gray areas" in the application of this policy. It is expected that every Compugen employee will adhere to these standards of conduct, using his or her best judgment and his or her personal code of conduct and seeking advice from managers, Human Resources representatives, the Legal Department, the Chief Executive Officer, the Chairman of the Board of Directors, and/or other appropriate sources to assist in decisions where the course of action is unclear. This Code of Conduct supercedes any prior codes or policies. We truly value our ethical conduct. Therefore, violations of this Code of Conduct will be dealt with expeditiously and as consistently as possible by the appropriate Compugen authority, and may subject our employees to disciplinary action, which, in severe cases may lead up to and including termination of employment.

This Code of Conduct applies to all employees, officers, and members of the board of directors of Compugen.

## **CONFLICTS OF INTEREST**

Compugen expects the undivided business loyalty of its employees. This means that employees should be free from any interest, influence or relationship which might conflict, or appear to conflict, with the interests of the Company or the effectiveness of their job performance. Employees must, therefore, avoid any investment, gratuity or association, which interferes, or might reasonably be thought to interfere, with their best judgment in the performance of their job duties and other actions affecting the Company. It is important to closely examine any gift, loan or other special preference offered by a person or organization that does or wants to do business with the Company. Any employee who has specific questions regarding the appropriateness of a particular action, including acceptance of gratuities from suppliers or contractors, should consult with his or her manager.

The following are examples of unacceptable business practices, which represent or give rise to a conflict of interest or other ethical breach:

- Use of a Compugen position, or resources or confidential information gained as a result of such position, for personal gain, except under Compugen's internal policies;
- Acceptance of any item or service of value from someone doing business with Compugen where such item is offered or appears to be offered in exchange for any type of favorable treatment or advantage;
- Unauthorized outside employment or consulting which in any way conflicts with, affects or impacts the Company's interests;
- Offering any type of payments or business courtesy of significant value (e.g., entertainment, meals, transportation or lodging) to a government official, supplier or customer for the purpose of influencing any government or organizational decision or obtaining favorable treatment or advantage.

Conflict of interest issues can and should be resolved by informing the Legal Department of the potential conflict and obtaining a written authorization to proceed whenever required.

## **OTHER EMPLOYMENT**

Compugen expects its full time employees to devote all of their work time to Compugen. Employment outside of Compugen is not permitted unless the full time employee has received an advance written approval for the other employment from the Human Resources Department, the CEO or the Board of Directors of the Company.

## **PROFESSIONAL AND TRADE ASSOCIATIONS**

Compugen encourages employee participation in professional and trade associations in accordance with personal and Company interests. In participating in an outside organization, one must understand whether he or she is representing the Company or acting in a personal capacity. Unless an employee is designated as the official Compugen representative by the Company, the employee is acting solely in his or her individual capacity.

As a member of a trade or professional group, a Compugen employee may come in contact with competitors' employees. Never discuss proprietary or sensitive competitive issues such as prices, costs, terms or conditions of sales, product plans or any other competitively sensitive or non-public information.

## **CHARITIES AND COMMUNITY SERVICE**

Compugen encourages its employees to make contributions of personal time or financial resources to non-profit organizations according to their own interests and priorities. If, however, an employee is active in community-based non-profit organizations, the employee must be alert to possible conflicts of interest between Compugen and the organization. If a conflict arises between the organization and Compugen, the relevant employee should disqualify himself or herself from making any decision in the capacity as an organization representative that concerns or impacts Compugen or, if necessary, resign from the organization.

## **PROTECTING COMPANY ASSETS**

In our competitive environment, protection of the Company's assets is crucial. Compugen's assets include principally intangible assets. These include Compugen's intellectual property rights in its technological know-how, information about Compugen's business strategies and intentions, information regarding plans for research or future research, internal databases, customer lists, confidential technical data, organizational charts, employee directories and compensation information. Every employee is contractually bound to keep in confidence Compugen's assets under the terms and conditions of Compugen's Employee Proprietary Information and Inventions Agreement.

Accordingly, Compugen's proprietary information must be kept in confidentiality and must not be disclosed, verbally, in writing, or electronically (e.g. via the Internet) or in any other way, unless specifically and expressly authorized by a manager responsible for the information being disclosed and, then, only subject to the provisions of a non-disclosure agreement. When speaking with third parties, it is important to avoid unauthorized disclosure of any of the Company's confidential information. We must also ensure that confidential discussions are not overheard by others or disclosed by careless transmission of information, for example by use of electronic mail. Any documents containing proprietary information which are being disposed of, should be shredded. We store a great deal of information on computer drives and other storage devices. If any such information (such as a computer, a storage device or hard copy) is lost or stolen, it is imperative that employees report this loss immediately to their manager and to the Legal Department.

## **PERSONAL USE OF COMPUGEN RESOURCES**

Compugen provides a wide variety of assets for its employees in conducting Company business – including computers, communication systems and other equipment and materials. Although you may occasionally use some of these resources for incidental personal activities, it is your duty to keep this usage to a minimum and to comply with all of Compugen's internal policies and guidelines. Excessive personal use of Compugen resources increases Compugen's costs and expenses, reduces availability of the resources for Compugen's business needs, and may adversely affect your job performance. The rules below apply to your use of Compugen resources even out side your working hours and out side Compugen premises.

While you may occasionally use Compugen's telephone and computer systems to send or receive personal messages, to access internet materials that are not directly business-related, or to create personal documents or files, you are required to keep these activities to a minimum and in compliance with all of Compugen's internal policies and guidelines. In addition you may not use any Compugen resource in violation of the law. You may not allow other people to use Compugen resources for any purpose, except as may be allowed to your immediate family members, under Compugen's internal policies, provided however that you will not allow the use of any of Compugen's proprietary information to any of your immediate family members. You may not use any Compugen resource to create, transmit, store or display messages, images or materials that are for personal gain, solicitations, chain letters, or are threatening, sexually explicit, harassing or otherwise demeaning to any person or group. Such misuse of Compugen assets is misconduct, and may result in disciplinary action up to and including termination of employment.

You may not use any Compugen asset for personal activities that may lead to the loss or damage of the asset. You are responsible for safeguarding the integrity of Compugen systems, including not exposing the system to computing viruses or enabling a breach of Compugen's security firewall. You are required to comply with the policies set forth by the Compugen Information Technology organizations for the appropriate use and security of Compugen's electronic systems.

Compugen may access and inspect all Compugen resources that you may use for personal activity, including Compugen computers, servers and systems, telephones, voicemail systems, desks, lockers, cabinets, vehicles and other equipment belonging to Compugen. You should not have any expectation of personal privacy in any messages or records create or transmitted via Compugen systems, including electronic documents, e-mail and voice mail, regardless of whether you have personal passwords or filing systems. For reasons related to safety, supervision, security and other concerns, Compugen may inspect persons and property on Compugen premises at any time and without notice, subject to applicable local laws.

## **STOCK TRADING**

In certain instances, the Company grants stock options to its employees to enable the employees to share in the Company's financial success. However, the ownership of the Company's securities, whether through the grant of options by the Company or through open market purchases, carries with it the responsibility of adhering to the applicable law and to the Company's policy governing stock trading. Directors, officers and employees may not conduct stock transactions (purchases or sales) on the basis of material, non-public information and are absolutely restricted from trading during particular periods.

Employees, officers and directors of the Company are only entitled to trade during Open Window Periods. An Open Window Period is a period, (i) commencing on the third trading day after the day that the quarterly financial results for a calendar quarter are published and ending on the 15th day of the third month of every calendar quarter, (ii) for which the Company's management has not provided notice that the Window Period will be closed. The members of the Restricted Group are subject to additional reporting obligations.

US federal securities laws prohibit anyone from buying or selling stock on the open market where such person has access to material or non-public information. Material non-public information is any information, not yet public knowledge, that if publicly known could reasonably be expected to affect the price of the Company's stock or be considered important by a reasonable investor. Examples of such information include: financial announcements; senior management changes; major litigation; purchase or sale of significant assets; the formation, expansion or cessation of significant customer relationships; anticipated mergers, significant acquisitions, significant partnerships or significant divestitures; significant business restructurings; significant inventions; new product announcements and other business-critical events. Company employees, officers and directors are prohibited from engaging in insider trading (buying or selling a security on the basis of material non-public information). The prohibition on insider trading applies not only to trading in the securities of Compugen but also applies equally to trading in securities of clients, suppliers, strategic partners or others having relationships with Compugen if one comes into possession of material non-public information.

Any questions regarding this complex and important subject matter should be referred to the Legal Department.

## **EMPLOYEE RELATIONS AND NON-DISCRIMINATION**

The Company is committed to hiring, promoting and compensating employees based on their qualifications and demonstrated ability to perform job responsibilities. As an Equal Opportunity Employer, the Company treats all employees fairly, without regard to age, race, national origin, religion, sex, condition of pregnancy, marital status, disability, veteran status and sexual orientation.

## **COMMUNICATING OPENLY**

Occasionally, each of us will have suggestions for improvements at work or the need to discuss an issue affecting our work lives. As a Compugen employee, you are expected to make suggestions, share insights or obtain advice and guidance in challenging work-related situations. You can talk to any leader in the Company about any work-related issue or idea without fear of retaliation. You can also make inquiries through the appropriate channels regarding the Company's policies and practices.

## **RESPECTING PRIVACY**

Compugen respects the privacy and dignity of all individuals. Under this policy, personal information necessary for effective business operation will be collected and retained. Furthermore, access to personal employee information within Compugen will be limited to the employee and to those persons with a legitimate business need for such information, including needs related to the performance of job responsibilities.

With regard to employment verifications, certain employee information may be disclosed without the written consent of the current or former employee. Such information includes verification and dates of employment, job titles and work locations. In addition, Compugen will disclose any information required by law or court order.

Employee privacy also becomes an issue when personal use is made of Compugen resources. Although Compugen assets are intended for use in supporting and conducting Compugen business, limited and reasonable personal use of Company equipment and systems is permitted (See the section titled "Personal Use of Compugen Resources"). Where not prohibited by law or regulation, Compugen reserves the right to monitor the use and content of its corporate resources and systems. As employees, we should have no expectation of privacy when using Compugen's resources, whether for business or personal use. Compugen may inspect the corporation's records and systems, including electronic systems, and inspect the information contained in them with or without advance notice to employees - even when information is stored under an individual's personal identification code or password.

## **RECORDING AND REPORTING INFORMATION**

Every employee records, maintains or submits some kind of information within the Company. Examples of such information include: reporting time worked; product testing results; service reports; product order or shipment reports; financial records and expense reports. False, misleading or dishonest reporting, both inside and outside the Company, is not only strictly prohibited, it could lead to civil and even criminal liability and possibly termination. For example, falsification of expense reports or time records may be considered theft. Submission of false information to the government or to government agencies such as the Tel Aviv Stock Exchange, the US Securities and Exchange Commission, the Israeli Securities Authority and any other stock exchange in which the Company securities are now or may be traded in the future, can, in some instances, lead to fines and/or imprisonment. Accordingly, information must be recorded or reported accurately and honestly. In addition, all officers and members of the board of directors of the Company, and all employees of the Company, when asked for by an officer or director, must produce, or cause to be produced full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with or submits to the Securities and Exchange Commission and in other public communications.

## **CONTRACTING AND SIGNING ON BEHALF OF COMPUGEN**

Signing correspondence, reports and other documents that contain substantive opinions, conclusions or determinations that may legally bind Compugen must be signed by or under the control of the authorized and designated managers and/or officers of the Company.

Agreements between Compugen and other companies and individuals create obligations for the parties to the agreement and expose the parties to legal and financial risks. An employee may not sign/execute an agreement on behalf of Compugen, unless he or she has the legal authority to obligate the Company.

## **COMPLIANCE WITH LAWS**

It is Compugen's policy to comply with both the letter and the spirit of all applicable laws, rules and regulations governing its operations. Every employee with significant responsibilities should have a working knowledge of permissible activities involved in his or her work and where there is any question, will seek guidance from a superior.

There are numerous laws, which govern our conduct in almost all aspects of our business. The following is a list of areas to which specific laws apply and every employee is required to consult the appropriate Company personnel to ensure compliance with these laws. These areas include: antitrust, taxation, employment, securities trading, health and safety, environmental matters, government contracting, import/export matters, intellectual property (patents / copyright / trademark), mergers and acquisitions, domestic and international trade, and many other areas.

Any questions concerning the application of this policy or a particular law to a specific situation should be discussed with an employee's immediate supervisor or the Legal Department. Any such questions may be referred to higher levels of management when necessary. Whenever there exists a potential violation of law or possible ethical compromise, every employee has an obligation to avoid or to promptly correct the situation as necessary.

## **SEXUAL HARASSMENT AND OTHER UNLAWFUL BEHAVIOR**

Compugen does not tolerate sexual harassment or other unlawful behavior in the workplace, whether committed by a co-worker, leader, client, contractor, vendor or anyone else. Actions, words, jokes or comments that are derogatory and based on any person's sex, race, ethnicity, sexual orientation, age, religion or disability will not be tolerated at Compugen. Although sexual harassment appears in various forms and degrees, it generally consists of unwelcome sexual advances, unwelcome request for sexual favors or other unwelcome verbal or physical conduct of a sexual nature. Sexual harassment occurs when submission to or repeating sexual advances adversely affects your employment in any way (for example, promotion, termination or unfavorable work assignments) or when unwelcome sexual conduct otherwise interferes with your job performance or creates an intimidating or hostile work environment.

Compugen is committed to providing a workplace free from unlawful behavior and sexual harassment. If an employee feels he or she has been subjected to such harassment at Compugen, it is the employee's obligation to report the conduct to appropriate Compugen personnel. Complaints should be directed to the Legal Department in the case of unlawful behavior or to the Company's Commissioner of Sexual Harassment Claims in case of sexual harassment.

Complaints of sexual harassment or other unlawful behavior are serious matters. Compugen expects leaders to act upon such allegations, and Compugen expects employees to report such behavior. If an investigation confirms that improper conduct occurred, Compugen will take appropriate action.

## **IMPLEMENTATION OF THE CODE OF CONDUCT**

At Compugen, ethics is everyone's business. All managers are responsible for communicating this policy to the employees under their supervision and the policy will be electronically available. Any revisions or updates to this policy will be published periodically and appropriately distributed for inclusion in the Company's on-line reference materials (e.g. Intranet) and other appropriate locations. All employees will be required to certify that they have reviewed and understood the Code of Conduct. This certification will take place upon the Code of Conduct coming into effect. New coming employees will be required to make this certification upon joining Compugen. Compugen, at its sole discretion, may ask its employees for renewal of their certification of the Code of Conduct in case it will be materially revised or updated.

***All Compugen employees are required to acknowledge in writing their understanding and receipt of, as well as compliance with, this policy as pertains to the business conducted in their departments.***

Any waiver of this Code of Conduct for any executive officer or member of the board of directors made only be made upon the prior written approval of the Company's board of directors and will be promptly disclosed as required by law. Waivers of this Code of Conduct for a non-officer employee may be made by the Legal Department of Chief Executive Officer only upon the employee making full disclosure in advance of the transaction in question. Such waivers will only be granted in extraordinary circumstances when necessary, and they will be limited and qualified as appropriate.

Any employee having information, knowledge or suspicion of any actual or contemplated action or inaction which is, or appears to be, in violation of this Code of Conduct is required to report the matter promptly to his or her manager, to the Legal Department, to the Chief Financial Officer, to the Chief Executive Officer and any other reporting channel that may be established by the Company from time to time. All employees are required to recognize the critical importance of legal compliance and the Company's commitment to ethical conduct. Any violation or failure to report a known violation of law or policy may result in disciplinary action up to and including termination. If the report is made to the employee's manager, the manager shall promptly report the matter to the Legal Department, to the Chief Financial Officer or to the Chief Executive Officer. In some cases, employees may report issues to the Audit Committee of the Board of Directors. Employees who report an actual or apparent violation of this policy will not be subject to retaliation or reprisal from any person as a result of having disclosed the violation and any such attempt at retaliation or reprisal will result in disciplinary action up to and including termination. Compugen has established means by which employees can anonymously provide information directly to the Company's Audit Committee regarding possible violations of law and/or the Company's Code of Conduct or policies or other issues that may place the Company's reputation at risk. Employees can contact the Audit Committee by:

**E-mail:** [ethics@compugen.co.il](mailto:ethics@compugen.co.il)

## **INTERPRETATION OF THE CODE OF CONDUCT**

The matters addressed in this Code of Conduct are both fundamental and important. The Company is committed to providing employees all resources necessary to understand and comply with its terms and the terms of the underlying laws and policies. All Code of Conduct terms should be construed in tandem with the Company's other stated policies, procedures and guidelines, and in conjunction with any applicable laws, rules and regulations. Any employee who is uncertain as to the meaning or interpretation or application of this policy to a specific situation should seek guidance from his or her department manager, the Legal Department or the Chief Financial Officer. The Compugen Code of Conduct is not a contract and Compugen retains the right to change, modify, suspend, interpret or eliminate any provision of this plan, retroactively or proactively, at any time with or without notice.

By signing below, I hereby acknowledge to my employer that I am aware of the existence of the Compugen Code of Conduct, have access to it, have read and understood it and am aware that compliance with the Code of Conduct is a condition to my employment. I am also aware of how to seek guidance or report Code of Conduct violations.

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_