

COMPUGEN LTD.
AUDIT COMMITTEE CHARTER
(Revised and Restated July 31, 2018)

PURPOSE

The purposes of the Audit Committee (the “**Committee**”) are: (i) to assist the Board of Directors (the “**Board**”) of Compugen Ltd. (the “**Company**”) in fulfilling its responsibility to oversee management’s conduct and monitor the performance of the Company’s accounting and financial reporting process, including by reviewing the financial reports and other financial information provided by the Company to any governmental or regulatory body, the public or other users thereof, the Company’s systems and processes of internal accounting and financial controls, the annual independent audit of the Company’s financial statements, and to review certain transactions of the Company and otherwise act as required as an Audit Committee in accordance with the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) and rules of the Securities and Exchange Commission (the “**Commission**”) under the Exchange Act and under the Nasdaq Listing Rules (the “**Nasdaq Rules**”); and (ii) to fulfill the duties and responsibilities ascribed to an Audit Committee under the Israeli Companies Law, 5759-1999 (the “**Companies Law**”), all as detailed in this Audit Committee Charter (the “**Charter**”).

The Committee’s responsibility is oversight. It is the duty of the Company’s management to prepare the Company’s financial statements and disclosures and the duty of the external auditor to audit those financial statements. Financial management, as well as the external auditor, has more time, knowledge and detailed information on the Company than do Committee members. Accordingly, the Committee’s oversight role does not provide any expert or special assurances as to the Company’s financial statements or any certification as to the work of the external auditor.

MEMBERSHIP AND MEETINGS

The Committee members are appointed by and, subject to the following requirements, may be replaced by, the Board. The Committee shall be comprised of not less than three (3) independent members of the Board (none of whom shall be the Chairman of the Board or a director employed by the Company or providing services to the Company on a regular basis) Each of the members of the Committee will meet the independence and experience requirements of the Nasdaq Rules, the Sarbanes-Oxley Act of 2002 and the rules and regulations of the Commission. The Board must consider all factors specifically relevant to determining whether the Committee member has a relationship to the Company that is material to that director’s ability to be independent from management in connection with the duties of a member of the Committee. Accordingly, all of the members will be directors:

- a. who are “Independent Directors,” as defined by the Nasdaq Rules;
- b. who have not participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three (3) years;
- c. who do not accept any consulting, advisory or other compensatory fee from the Company, and are not an affiliated person of the Company or any of its subsidiaries, in either case, other than in his or her capacity as a member of the Board or a committee thereof; and
- d. who are financially literate and capable of reading and understanding fundamental financial statements, including a company’s balance sheet, income statement, and cash flow statement.

Additionally, at least one (1) member of the Committee will qualify as an “audit committee financial expert” under applicable Israeli and SEC laws, rules and regulations.

The Committee will make regular reports to the Board and will meet as often as the Committee determines, but not less than once every financial quarter. The quorum for discussions and for adoption of resolutions by the Committee is a majority of the Committee’s members. Persons not eligible to be Committee members will not be present at the Committee’s meetings during discussion and resolutions,

unless the Chairman of the Committee determines that such person or persons are required for the purpose of presenting a certain item on the agenda for the meeting. However, (i) a person employed by the Company is permitted to be present for the discussions, if the Committee so requests, but not for the decision making; and (ii) without derogating from sub-section (i), the General Counsel and Company secretary are permitted to be present at meetings, during both discussions and decision-making, if the Committee so requests. Notwithstanding the foregoing, the Chief Executive Officer of the Company may not be present during any discussions or deliberations on his or her compensation.

The external auditor will be notified regarding meetings of the Committee where the agenda includes financial reporting and audit, and will be entitled to participate in such meetings, and the internal auditor will be notified regarding and entitled to participate in all meetings of the Committee. The internal auditor may also request the Chairman of the Committee to arrange for a meeting of the Committee to discuss a certain issue, and the Chairman will arrange for such meeting within a reasonable time, should he or she find such request appropriate. In the event such a request is made, but deemed to be not appropriate by the Chairman, the Chairman shall notify the chairman of the Board of such request and determination.

Other rules and procedures applicable to the operation of the Board shall apply to the operation of the Committee, with any necessary changes.

The Committee will maintain written minutes of its meetings.

DUTIES AND RESPONSIBILITIES

The Committee will maintain free and open communication (including separate private sessions from time to time) with the external auditor and Company management. In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel and outside professionals of the Company, including the Company's outside counsel and external auditor.

The Committee has the authority to retain and obtain advice and assistance from outside legal, accounting or other advisers, as deemed appropriate to perform its duties and responsibilities. The Company will provide funding, as determined by the Committee, for compensation of the external auditor and any advisers that the Committee engages and for ordinary administrative expenses of the Committee.

The following functions are set forth as the minimum requirements from the Committee with the understanding that the Committee may take on added responsibilities and perform such other duties consistent with this Charter, the Company's Articles of Association, as amended from time to time, and any relevant governing law, as shall be appropriate given the circumstances.

To fulfill its duties and responsibilities, the Committee will:

1. Review with management and the external auditor the audited financial statements and other disclosures to be included in the Company's Annual Report on Form 20-F and to approve the filing of the Form 20-F.
2. Review with management and the external auditor the Company's quarterly results and pre-announcements of results, if any.
3. Discuss with management and the external auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements. This will include any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.

4. Receive and timely review reports required to be made by the external auditor on:
 - all critical accounting policies and practices of the Company;
 - all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management;
 - ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditor; and
 - other material written communications between the external auditor and management.
5. Discuss with management the Company's major risk exposures and the steps management has taken to monitor and control these exposures.
6. Recommend the appointment of the external auditor and determine the compensation of the external auditor subject to the law and the Company's corporate governing documents; oversee the scope of the work performed by the external auditor; review the performance of the external auditor; require the external auditor to report directly to the Committee; and oversee the resolution of disagreements between management and the external auditor.
7. Approve the work plan of the external auditor for each year's audit (including the scope, approach and staffing of the audit), receive and review all audit reports and review management letters provided by the external auditor, if any, and the Company's responses to such letters.
8. Review and pre-approve all audit services and permitted non-audit services (including the fees and other terms) to be provided by the external auditor in such manner, including pre-approval of policies and budgets, as the Committee may determine in compliance with applicable law, rules and regulations, and the Company's corporate governing documents.
9. Discuss with the external auditor the matters relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.
10. Evaluate whether senior management established and appropriately reinforced the importance of internal control over financial reporting as defined in applicable rules and regulations of the Commission and whether recommendations for improved controls are timely implemented by management.
11. Evaluate the Company's disclosure controls and procedures as defined in applicable rules and regulations of the Commission.
12. Obtain and review a report from the external auditor at least annually regarding:
 - the external auditor's internal quality control procedures;
 - any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm;
 - any steps taken to deal with any such issues; and
 - the independence of the external auditors, including whether the provision by the external auditors of permitted non-audit services is compatible with such independence, and all relationships between the auditors and the Company. The Committee will actively engage in a dialogue with the external auditor with respect to any disclosed relationships that may impact the objectivity and independence of the auditors and will recommend that the Board take appropriate actions to oversee the auditor's independence.

13. Establish and maintain procedures for the receipt, retention and treatment of complaints regarding accounting, internal control or auditing matters, as well as regarding flaws in the Company's management (see Section 14 below); and for the confidential, anonymous submission by the Company's employees regarding questionable accounting, auditing or management matters.
14. Examine flaws in the business management of the Company, in consultation with the Company's internal auditor or external auditor, and suggest appropriate course of action; in case the Committee finds a material flaw, it will hold at least one meeting with respect thereof, with the internal auditor or the external auditor, as shall be appropriate, without any office holders who are not members of the Committee participating in such meeting (except that an office holder may participate in such meeting in order to present his or her position in a field within his or her responsibilities).
15. Review and approve certain transactions and actions of the Company, including the approval of all related party transactions that require approval by the Committee under the Companies Law, the Nasdaq Rules or as referred by the Board. In this respect - decide whether certain actions specified in the Companies Law are considered material or non-material, and whether certain transactions referred to in the Companies Law are considered exceptional or ordinary, as necessary for their approval in accordance with the Companies Law. The Committee may decide as aforementioned with respect to certain types of actions or transactions between the Company and Office Holders or interested parties, by setting criteria once a year in advance.
16. Recommend the appointment of the internal auditor and its compensation subject to the law and the Company's corporate governing documents; examine and suggest changes to the yearly or periodic work plan of the internal auditor prior to its approval; approve the annual work plan of the internal auditor; oversee the work performed by the internal auditor; review the performance of the internal auditor, including whether he or she is provided with the necessary resources and tools needed for the purpose of fulfilling his or her role, considering, among others, the special needs of the Company and its size; require the internal auditor to report directly to the Committee; and oversee the resolution of disagreements between management and the internal auditor.

The Committee will review and reassess the adequacy of this Charter on an annual basis and recommend to the Board any necessary revisions or amendments.

INTERPRETATION/DEFINITION

To the extent any of the provisions included herein is a description or summary of any applicable law or is intended to recite the provisions of any applicable law, then in the event of any inconsistency, contradiction or any other conflict between the provisions herein and the provisions of such applicable law, the provisions of such applicable law shall prevail and supersede and shall be deemed to constitute an integral part of this Charter. In the event that any such provision of applicable law is amended to include any relief or exclusion, then, such relief and exclusions shall be deemed to constitute an integral part of this Charter, whether or not such conflict, inconsistency or contradiction arises.

Any references to any law, statute or regulation are to it as amended, supplemented or restated, from time to time (and, in the case of any law, to any successor provisions or re-enactment or modification thereof being in force at the time); any reference to "law" shall include any supranational, national, federal, state, local or foreign statute or law and all rules and regulations promulgated thereunder (including, any rules, regulations or forms prescribed by any governmental authority or securities exchange commission or authority); and any reference to "law" shall be read subject to the Company's Articles of Association, as amended from time to time.

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