



CODE OF ETHICS
FOR
PROPER BUSINESS CONDUCT

Code of Ethics for Proper Business Conduct (“Code of Ethics”)

The key to the success of Raicol Ltd. (hereinafter: "Raicol" or "the Company")¹ is to grow, guard its reputation and strengthen its competitiveness in managing its business, while upholding moral principles, the law and business ethics. In order to reinforce these obligations, both personally and organizationally, the Board of Directors of Raicol has approved this Code of Ethics summarizing the policies of Raicol on the subject of proper business conduct.

1. Scope of Policy

The Code of Ethics applies to all activities of any employee² or officer in the Company within the framework of his role, whether carried out directly by him or indirectly through another, and whether these activities have a direct or an indirect impact on Raicol.

2. Compliance with laws, Rules and Regulations

Raicol employees and its Directors are obligated to comply with all laws, rules and regulations applicable to the Company anywhere in the world where the Company conducts its business. Nothing in this Code of Ethics is meant or intended to subtract from, change or replace the laws that apply to the Company, or any of its employees or officers. In countries where there are legal requirements and customary business practices that are less restrictive than those detailed in the Code, compliance with the Code of Ethics is required. Whereas if a specific law contradicts the policies in the Code, compliance with the law is required. In no event will any employee be required as a part of his employment, to violate the directives of the law or professional regulations incumbent on him, and he is prohibited from doing so.

3. Fair employee relations

Every employee is worthy of respectful and equal treatment. Raicol is obligated to provide every employee or candidate with equal opportunity of employment based on relevant factors, such as skills, achievements and interpersonal relationship, without regard for race, sex, color, religion, age, origin, gender, sexual preference, marital status, political opinion, limitations or any other basis protected under the law in the relevant country. It is incumbent on Raicol employees to encourage an environment of openness, teamwork, consultation, and creativity. It is incumbent on Company employees to conduct themselves in a friendly and professional manner toward colleagues in the Company, to share professional information with relevant employees, assist colleagues who are in difficulty, assist with the orientation of new employees and foster a pleasant and productive work environment. It is incumbent on Raicol employees to prevent any type of conduct that is rude, violent or threatening toward another and any other activity likely to create an atmosphere that is insulting, offensive or hostile between Company employees.

4. Fair Dealing with customers and suppliers

It is incumbent on Raicol employees to deal honestly, fairly and in good faith with the Company's customers and suppliers. Statements regarding the Company's technology, products and their quality, time schedules and other aspects of business, should not be untrue, misleading, deceptive or fraudulent. Raicol is committed to providing quality products to its customers and the users of its products. It is incumbent on Raicol employees to adhere to these standards through quality and professional work. The Company manages its business honestly and sees this as a value in and of itself. The Company expects its employees to conduct themselves with fairness to all third parties with whom they come into business contact and to avoid illegal activities.

¹ In this Code, the terms "Raicol " and "the Company" refer to Raicol Ltd.

² In this Code the term "employee" includes all levels and all officers of the company with the only exception being that Code directives will be incumbent on the activities of the Company Directors only where explicitly indicated in this Code.

5. Conflicts of Interest and Prohibition Against Exploitation of Company Business Opportunities

It is incumbent on Raicol employees and its Directors to avoid direct or indirect business with customers, suppliers, or competitors of the Company except within the scope of their position in the Company. It is incumbent on Raicol employees and its Directors not to exploit for their own purposes and benefit in any manner whatsoever, business opportunities coming into their knowledge in the course of performing their Company duties and responsibilities. It is incumbent on the employees of Raicol and its Directors to disclose to the Company any information and/or document they become aware of during their employment with the Company, when this information could be of interest to the Company. It is incumbent on Raicol employees and its Directors not to exploit, whether directly or indirectly, their status and/or position in the Company and/or the property of the Company in a way that is liable to create a conflict of interest with their position in the Company, including for the purpose of realizing a personal profit for themselves and/or someone on their behalf. It is incumbent on Raicol employees and its Directors to avoid any activity that inherently competes with the business of the Company and to abstain from exploitation of business opportunities of the Company for the purpose of attaining benefits for themselves, for the benefit of relatives, or for other benefit.

To remove all doubt, situations must be avoided in which the employee or Directors will be found to have a conflict of interest between his position in the Company and other activities or role outside of the Company or his personal interests. That is to say, it is forbidden for an employee to be found in a situation wherein his decision within the purview of the Company is liable to influence his personal situation, the situation of his relatives or his activities outside of work or, to the contrary, wherein his personal interests influence his decision-making process at work.

It is incumbent on the employees of Raicol and its Directors to inform their superiors immediately and without delay of any issue they may have regarding a personal matter and particularly about any potential business between a person or other entity related to a director, employee or officer and the Company. Transactions with related parties are likely to require approval of the Board of Directors, Audit Committee and other approvals that must be received as soon as possible.

6. Prohibition of Receipt of Favors or Gifts

Raicol employees and its Directors shall not receive favors such as gifts, bonuses, discounts, products or services or any other alliance – free or at a lower price or under conditions more favorable than usual, from customers, suppliers or any other third party with a business relationship with the Company of any kind, except for symbolic business gifts received which due to their low value and/or their frequency allow them to be classified as public relations on the part of the giver of the gift, and only if the gift or favor does not appear likely to influence business decisions related to the Company. It is prohibited to receive a gift or favor or reward that exceeds these symbolic gifts; this is so that there will not be created, even inadvertently, any obligation of the employee to the one giving the gift. The gifts given on behalf of the Company to customers or other entities shall be given only by employees specifically authorized for such. It is incumbent on Raicol employees and its Directors to abstain from receiving a bribe, fees or other types of payment or benefits from an organization or person doing business with Raicol, requesting to do business with Raicol, a competitor of Raicol or any other third party.

7. Prohibition of Giving Bribe

The US and the State of Israel are members of the Convention to Combat Bribery of Foreign Public Officials and International Trade Transactions of the OECD and the UN Convention against corruption. Raicol is committed to fight corruption in general, and specifically in the paying of bribes to public officials that constitutes a phenomenon that, crossing borders, undermines good government and economic development while distorting international market conditions. In accordance with this, it is absolutely prohibited for Raicol employees and its Directors to take part in, directly, indirectly or through agents, in the paying of bribes to any person for the purpose of advancing a transaction or provide an advantage or for direct promotion. Particularly, it is prohibited to pay a foreign public employee (as such term is defined in the applicable law) who has influence over decisions concerning the conducting of business

or to gain an advantage by payment of a bribe where the aim is to indirectly promote business. For example, a payment to a foreign public employee in exchange for illegal disclosure of information to the one paying the bribe so as to provide an advantage in completing the transaction. Paying a bribe to a foreign public employee is a criminal offense under applicable laws and regulations, subject to the limitations of such laws.

8. Proper Use of Company's Assets

Raicol employees should seek to safeguard the Company's assets. It is incumbent on Raicol employees to use Company's assets in a suitable and proper manner. In cases such as theft, neglect, damage, carelessness and wastefulness there is a direct impact on the profitability of the Company. Company assets are for use, but only for legitimate Company's business purposes and it is not permitted for Company property to be used for business not connected to the Company. Company employees shall protect and maintain the equipment and property under their responsibility in good condition, and shall handle it with appropriate care. It is incumbent on the employee responsible for Company assets to use them with the same measure of care and proficiency he would use were it his own personal property. The computers and electronic communications system are necessary work tools at Raicol and employees must use them strictly for work needs alone, except for personal uses permitted by Company procedures. The username and password for accessing the system network of Raicol or for use with any other computerized system to which an employee has access for the purpose of performing their work at the Company (i.e., banks, reports to authorities, customer systems, suppliers and service providers, etc.) are solely for each user and are known only to that employee himself and to other Company employees as approved. Raicol employees are required to keep their usernames and passwords and those of other employees provided to them, in strict confidence, to be known only to the approved user himself. An employee is prohibited from disclosing these details to any other person in or outside of the Company, except for employees who, by the nature of their position in the Company, are approved to receive the employee's password (i.e., computer system employees). The employee is responsible for every action taken in the network under his username. Raicol policy is that illegal use of programs or of programs not approved for use in the Company is prohibited. Use of Company assets shall be for legal purposes only.

9. Code of Conduct at Work

Raicol employees shall faithfully fulfill the tasks imposed upon them by the person authorized for such in the Company and shall fulfill all others to which the Company obligates him. Raicol employees are required to express fairness, professionalism and personal honesty in all their activities as well as all the norms of conduct derived from the basic values of the Company. Raicol employees shall show respect to co-workers, customers and Raicol suppliers. Raicol employees will strictly adhere to appropriate culture in speech and avoid any type of violence, whether verbal or otherwise. Raicol employees will fulfill their duties according to professional standards. Raicol employees, in the performing of their duties, shall preserve at all times proper dress in accordance with the acceptable Company standard and maintain a professional appearance suitable to their role and position in the Company.

10. Prevention of Sexual Harassment

Raicol is committed to providing a workplace that is free from sexual harassment and will not tolerate this behavior. Sexual harassment in the workplace is against the Prevention of Sexual Harassment Law, 5758-1998, Equal Opportunities at Work Law, 5748-1998 and the Prevention of Sexual Harassment Regulations (Employer's obligations), 5758-1998. When Raicol determines that an allegation of sexual harassment is credible, it will take prompt and appropriate corrective action. This Regulation is subject to the provisions of the Law. In the event of any conflict between the provisions of this Regulation and the provisions of the Law, the provisions of the Law will prevail.

Sexual harassment and its attendant abuse infringe upon human dignity, freedom, privacy and equality between the sexes; therefore, this conduct is prohibited by law in any place, for example: inside of company facility, another location in which activity on behalf of the company is performed, during work, through abuse of authority in employment relations and/or in any manner whatsoever. Harassment and abuse can be perpetrated by men and women alike and can be aimed at both sexes.

Prohibited acts described in the relevant Israeli law (5758-1998) and in the regulations adapted to the Civil service by virtue of the law, are sexual overtures or references to a person who does not want them, or while exploiting a position of authority, as well as degradation and humiliation of a sexual nature or based on a person's sexuality are liable to constitute sexual harassment. For this behavior to constitute sexual harassment it must be of a sexual nature.

The following acts are prohibited only when ALL the following circumstances exist (cumulatively):

- References that focus on sexuality or repeated overtures of a sexual nature.
- The person to whom the references or overtures are addressed has indicated to the harasser (clearly – in words or conduct) that he does not welcome them.
- The harasser continues to make the references / overtures even after the person has indicated that he does not welcome them.

In cases in which the references or overtures are committed while exploiting a relationship of unequal power (for example, between an employee and his supervisor) – **the repeated overtures constitute an offense**, even if the person to whom the references or overtures are addressed did not indicate that he does not welcome them.

Prohibited abuse means, abuse that originates in sexual harassment or in a complaint or claim that was submitted due to sexual harassment.

Sexual harassment has serious consequences, for this is criminal offense and the harasser may be imprisoned and/or fined. Sexual harassment is also considered an injustice and the harasser is also expected to be sued in a civil court and to compensate the person who is harassed. For Labor relations, sexual harassment is considered a serious disciplinary offense and Raicol will take various measures against the harasser, including his dismissal while denying compensation and eliminating the need for prior notice.

The company appointed the Human Resources Manager as the person responsible for preventing sexual harassment in the company. Her address appears at the bottom of this document, see Section 22.

Any staff member who considers himself sexually harassed may contact the person responsible for the prevention of sexual harassment in the company and his complaint will be handled expeditiously, sensitively and discreetly. The complaint may be submitted in writing or verbally. The complaint shall include the description of the case, the location of the incident, including the identity of the persons involved and the witnesses to the case, if any. In the event that the complaint is submitted verbally, the HR manager will record all the details of the case, sign the complainant and hand him a copy of the signed registration.

The investigation of the complaint shall be carried out without delay and in the forum of the CEO of the Company, the HR Manager (the person in charge of this matter) and the complainant, and actions shall be taken in accordance with this discussion and within a period of no more than 7 working days.

The inquiry will be carried out with maximum protection for the dignity and privacy of all those involved in the affair. The complainant has the right to request a hearing in a smaller forum, but in any event, the CEO must be aware of both the complaint and the conclusions. The entire procedure will be discreet.

11. Financial Report

All financial reports and other documents of the Company are essential for reflecting, in an exact and correct manner, the assets, liabilities, revenue and expenses of the Company. It is incumbent on the employee to document all transactions that he carries out in the name of the Company, in the account and in the appropriate accounting period. The employee shall ensure creation and preservation of the precise documents in which there is sufficient detail to allow accounting testing and review related to each and every transaction. All relevant data must be transferred to the financial reports of the Company, to the person appointed as responsible for Company financial reports. No false or misleading entries shall be made in the Company's books or records for any reason, and no disbursement of corporate funds or other corporate property shall be made without adequate supporting documentation.

12. Accuracy of Report

It is incumbent on Raicol employees to submit reports that are accurate, comprehensive, true and in real time to their superiors regarding their work in the Company. The Company places great faith in its employees and expects them to bear the responsibility they have for truthful reports. The efficiency of the Company, its ability to cope with errors and problems and the variety of possibilities that stand before it - all dependent on the provision of a true and timely report from the employees of the Company.

13. Deceit

It is prohibited to engage in business activities that are deceitful. "Deceit" is intentional use of deception in order to achieve illegal benefit. It is the responsibility of employees to show sensitivity to this subject and to report any actual suspicion of deceit or any revealed deception immediately. It is possible to make an anonymous report concerning any matter of this kind using any of the addresses listed in Section 20 of this Code.

14. Privacy

Information that the Company has concerning its employees (for example: medical, family, business details, etc.) is confidential information. Only those who have a legitimate need connected with their work will have access to this information. The Company does not transfer confidential information about an employee to any third party, except if required by law to do so, or with the consent of the employee.

15. Confidentiality

Confidential information of the Company is information related to the Company and its business that is not common knowledge including information regarding all information of third parties related in any way to the Company and which was disclosed to the Company by such third party under confidentiality restrictions, including, without limitation, the field of research and development, customer and supplier lists, Company policies related to its customers or suppliers, pricing, marketing and sales methods, employee training methods and technical methods, as well as business knowledge, both commercial and professional in the field(s) of the Company's business.

Protection of the confidential information of the Company is intended for the preservation of the legitimate interests of the Company³ and is important to the Company and its business activities, past, present and future.

Raicol's employees and Directors must maintain the confidentiality of information entrusted to them by the Company, except when disclosure is authorized by a supervisor or is legally mandated. Unauthorized disclosure of any confidential information of the Company is prohibited. Additionally, employees should take appropriate precautions to ensure that confidential or sensitive business information of the company, whether it is proprietary to the Company or another company, is not communicated within the Company except to employees who have a need to know such information to perform their responsibilities for the Company.

The confidential information solely is the property of the Company or of third parties connected with it, has substantial economic value to the Company, and continuing economic utilization of it by the Company is dependent on preservation of confidentiality in accordance with the law and this Code of Ethics.

It is incumbent on Raicol employees not to remove from the Company premises any object and/or document and/or product and/or hardware and/or program and/or material and/or confidential information of the Company that reaches their hands in the course of their performance of work at the Company, including those materials that they prepared themselves while working in the Company and/or in connection with it and/or with its business

³ The "legitimate interests of the Company" are defined as the confidential information of the Company, the reputation of the Company, customer database of the Company and the proprietary rights of the Company, including trademarks.

and/or plans, except as required for fulfillment of their duties in the Company.

It is incumbent on Raicol employees and directors not to copy or permit others to duplicate, copy, photograph and/or by any other means of copying, reproduce confidential information of the company except to the extent required by the need to fulfill their duties in the Company.

16. Intellectual Property and Advertising

In accordance with the terms of employment between the Company and any employee, all rights regarding inventions (related with patents or others), advancements, developments, improvements, ideas, applications, that the employee invents or develops, during his time of employment at the Company or which are connected with his work in the Company or related with its business, are the property of the Company and belong to it in every manner and interest such that the Company is permitted to treat them as owner. The salary paid to the employee and other conditions of employment, constitute a full and final consideration for the contribution of the employee to aforesaid invention and the employee has no right to any payment, rights or other benefits with regard to the aforesaid intellectual property rights and inventions.

The employee shall not disclose or publicize information, articles, research, etc., by means of the media or other means, on topics related to the subject of his work or related to the Company without prior written approval from the regional chief ethics officer. Requests from outside entities to interview an employee or for receipt of business or financial information with regard to the Company and its business shall be referred to the Human Resources Manager. The provisions of this Section 14, shall not apply with respect to any conversations, during the ordinary course of business, between the Company's employee authorized for such and suppliers or customers of the Company.

17. International Trade

Raicol engages in international trade, export, import, marketing, sales and business entrepreneurship in world markets. As a Company that manages its business on the international playing field, Raicol strictly complies with the local and international legal regulations for world trade that are incumbent on Company activities, including, but not limited to, with the customs laws and regulations in Israel and around the world, and with the export controls laws and regulations.

Strict compliance with all applicable international trade laws and regulations is a critical component for the Company's success in world markets, therefore Raicol employees are obligated to comply with the laws related to the Company or business management in Israel 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 Financial Manager of the company.

18. Environmental protection

Great importance is given to the field of environmental protection and for using good judgment regarding environmental aspects of the use of Company facility. The Company is obligated to fully meet the requirements of the relevant laws related to the defense of the environment and expects the cooperation of its employees. The Company expects its employees to conduct themselves in accordance with a "green" orientation, and for each employee in his own environment to be sensitive concerning "green" use of equipment and facilities of Raicol, in line with the importance of environmental protection.

19. Safety at work

Raicol gives great importance to the field of safety at work. The safety and maintenance initiatives of the Company includes designating a person in charge for safety within the Company as well as external consultants paid by the Company for services to meet these needs. The Company is obligated to meet the requirements of all laws and

regulations related to the safety of the work environment.

It is incumbent on Raicol employees to ascertain that they are well aware of work procedures in their work environment, each one in his field of activity, and they are responsible to be constantly aware of any safety hazards created in their work environment. You must report any safety hazard or work accident immediately to the superior or to the person in charge for safety and must act in accordance with the policies of the Company and its management. The awareness of Raicol employees to their surroundings is a component no less critical than the Company safety plan for preventing safety hazards.

20. Responsibility for Compliance with the Code and Report of Violations

In addition to the provisions of this Code of Ethics, the Company publishes from time to time additional detailed procedures related to some of the subjects appearing in this Code of Ethics. It is the responsibility of each employee to be familiar and comply with the provisions of this Code of Ethics and of all Company's policies and procedures as they are published and updated from time to time by the Company. In case of a question or concern, you should seek advice from your superior or from the Quality Assurance Manager and / or from the Human Resources Manager.

The Company intends to prevent conduct inconsistent with the Code of Ethics and with Company procedures. The Company will take disciplinary measures against any employee who has violated the Code of Ethics according to established Company procedures in which penalties may reach the level of loss of employment. Information concerning criminal activities of employees may be directed to the relevant authorities.

Report of violations is an essential ingredient in the ability of the Company to comply with standards it has set for itself to prevent fraud, and other internal violations. By doing so, you contribute significantly to the improvement and efficiency of the Company in the matter of effective internal Company control, as well as to comply with the corporate culture at Raicol that obligates known proper business ethics in its activities. In order to achieve these goals, the Company encourages reporting of possible violations of the Code of Ethics.

If an employee is convinced that the Company or one of the members of its Board of Directors, managers or employees have violated the Code of Ethics, are engaged in acts of fraud and/or in other unlawful actions related to management or financial records and reports, then this same employee must report it as detailed below in this section. The employee is entitled to report the complaint anonymously. The complaint will be submitted in writing when it includes all the facts known to the employee and contains no engagement in speculations, unfounded assumptions or hunches. Complaints will be submitted to examination by the Quality Manager of the Company's which will decide whether to open an investigation on the basis of the existing evidence and circumstances of the matter.

All complaints must be submitted in good faith and without malice, and with the existence of the reasonable possibility that the violation was indeed carried out or that it will be carried out in the near future.

Raicol 's policies forbid any type of retribution to be taken against the employee who reported in good faith and without malice concerning the unethical conduct, even though if in retrospect it becomes clear that no violation against the Code of Ethics occurred. Details of the complainant, correspondence, and writings will be protected and taken care of in a discreet manner (unless and if some revelation is required and approved within the purview of the investigation and/or in accordance with law.) Moreover, the employee that reported the violation in good faith and without malice will be protected from infringement of his employment rights in the Company in accordance with all applicable laws, including without limitation, the provisions of the Law for Protection of Employees (Exposure of Crimes and Ethical Damage or Proper administration,) 1997.

Report of Violations: You may report of violation to any of the following:

Moran Hubesh Shvartz | Human Resources Manager Tel: 972-37294467

E-mail: Moran.hubesh@raicol.com

Adi Green | Quality Assurance Manager,

Tel: 972-3-7294468

E-mail: adig@raicol.com