

Anchiano Therapeutics Ltd.

Audit Committee Charter

Adopted by the Board of Directors on November 14, 2019

PURPOSE

The purpose of the Audit Committee (the “*Audit Committee*”) of Anchiano Therapeutics Ltd. (the “*Company*”) is to act on behalf of the Company’s Board of Directors (the “*Board*”) in fulfilling the Board’s oversight responsibilities with respect to the Company’s risk management practices, corporate accounting and financial reporting practices, the Company’s systems of internal control over financial reporting, and audits of the Company’s financial statements as well as the quality and integrity of the Company’s financial statements and reports and the qualifications, independence and performance of the Company’s independent registered public accounting firm (the “*Auditors*”). Additionally, the Audit Committee is responsible under the Israeli Companies Law, 1999 (the “*Companies Law*”) for identifying and addressing deficiencies in the management of the business of the Company, and will support the Board in other Company compliance matters.

The operation of the Audit Committee shall be subject to the Articles of Association of the Company as in effect, and as may be amended from time to time, and applicable provisions of the Companies Law. The Audit Committee performs its role by providing independent oversight to the Board.

A goal of the Audit Committee, in discharging these obligations, shall be to maintain and foster an open avenue of communication among the Audit Committee, the Auditors and the Company’s management.

This Audit Committee Charter (the “*Charter*”) sets out the authority for the Audit Committee to carry out the responsibilities established for it by the Board as articulated in the Charter.

COMPOSITION

The Audit Committee shall consist of at least three (3) members of the Board who shall satisfy the independence and financial literacy requirements established by applicable laws, rules and regulations of the U.S. Securities and Exchange Commission (“*SEC*”), the Nasdaq Capital Market (“*Nasdaq*”), and the Companies Law. All Audit Committee members shall have a working familiarity with basic finance or accounting practices and be able to read and understand financial statements as well as collectively possess knowledge of audit, finance, corporate governance and risk management matters. Additionally, at least one (1) member of the Audit Committee shall be an “audit committee financial expert” as defined under Regulation S-K promulgated under the Securities Act of 1933, as amended.

The members of the Committee shall be appointed by and serve at the discretion of the Board. Vacancies occurring on the Committee shall be filled by the Board as set forth in the Corporate Governance Guidelines in Exhibit A to the Corporate Governance and Nominating Committee Charter. The Committee’s chairperson shall be designated by the Board, or, if it does

not do so, the Committee members shall elect a chairperson by vote of a majority of the full Committee.

MEETINGS AND MINUTES

The Audit Committee shall hold such regular or special meetings as its members deem necessary or appropriate. Minutes of each meeting of the Audit Committee and resolutions relating to any action taken by the Audit Committee by unanimous written consent shall be prepared and made available to each director of the Company by the Corporate Secretary promptly after each meeting or action, as the case may be.

The Company's internal auditor (the "***Internal Auditor***") shall receive notices regarding the holding of Audit Committee meetings and may attend such meetings. The Internal Auditor may also request that the Audit Committee chairperson convene the Audit Committee for a meeting with his or her participation, regarding subjects within the scope of his or her responsibility.

A quorum for the Audit Committee shall be a majority of its members.

Anybody with a personal interest in the approval of a transaction that requires the Audit Committee's approval under Sections 270 to 275 of the Companies Law (other than a non-extraordinary transaction with an officer or another person in which a Company officer has a personal interest), may not be present in the discussion and may not participate in the vote in the Audit Committee. However, a person with a personal interest may be present in the Audit Committee only for purposes of presenting the proposed transaction, if the Audit Committee chairperson determines that such person's presence is so required. In addition, a committee member with a personal interest may participate in the discussion and vote if a majority of Audit Committee members have a personal interest.

AUTHORITY

The Audit Committee shall have full access to all books, records, facilities and personnel of the Company as deemed necessary or appropriate by any member of the Audit Committee to discharge his or her responsibilities hereunder. The Audit Committee shall have authority to retain, at the Company's expense, special legal, accounting or other advisors or consultants as it deems necessary or appropriate in the performance of its duties. The Audit Committee shall have authority to require that any of the Company's employees, counsel, Auditors or investment bankers, or any other consultant or advisor to the Company, attend any meeting of the Audit Committee or meet with any member of the Audit Committee or any of its special legal, accounting or other advisors and consultants.

Although the Audit Committee possesses the responsibilities and powers set forth in this Charter, the Audit Committee does not itself prepare financial statements or perform audits, and its members are not auditors or certifiers of the Company's financial statements or other records. The Audit Committee may act in reasonable reliance on the Company's management, the Auditors and any other advisors and experts as it deems necessary or appropriate to fulfill its duties.

RESPONSIBILITIES

The primary responsibility of the Audit Committee shall be to oversee the Company's financial reporting process (including direct responsibility for the appointment, compensation, retention and oversight of the Auditors) on behalf of the Board and to report the results of these activities to the Board. The Audit Committee's functions and procedures should remain flexible to address changing circumstances most effectively. To implement the Audit Committee's purpose and policy, the Audit Committee shall be charged with the following functions and processes, with the understanding, however, that the Audit Committee may supplement or, except as otherwise required by applicable law or the requirements of Nasdaq, deviate from these activities as appropriate under the circumstances and is empowered to take such other actions as necessary to complete its independent responsibilities hereunder:

1. To evaluate the performance of the Auditors, to assess their qualifications (including their internal quality-control procedures and any material issues raised by that firm's most recent internal quality-control or peer review or any investigations by regulatory authorities) and to determine whether to retain or to terminate the existing Auditors or to appoint and engage new auditors for the ensuing year.
2. Subject to any requirements for shareholder approval under the Companies Law, to review and approve engagements of the Auditors, prior to commencement of such engagements, to perform all proposed services, including the scope of and plans for the audit, the adequacy and qualifications of their staffing, the compensation to be paid to the Auditors, and the negotiation and execution, on behalf of the Company, of the Auditors' engagement letters and contract documents, which approval may be pursuant to preapproval policies and procedures established by the Audit Committee consistent with applicable laws and rules, including the delegation of preapproval authority to one or more Audit Committee members so long as any such preapproved decisions are presented to the full Audit Committee for final decision-making at its next meeting.
3. To review and approve engagements of the Auditors, prior to commencement of such engagements (unless in compliance with exceptions available under applicable laws and rules related to immaterial aggregate amounts of services), to perform any proposed permissible non-audit services, including the scope of any plans for the service and the compensation to be paid to the Auditors, which approval may be pursuant to preapproval policies and procedures established by the Audit Committee consistent with applicable laws and rules, including the delegation of preapproval authority to one or more Audit Committee members, so long as any such preapproved decisions are presented to the full Audit Committee at its next meeting.
4. To monitor the assignment and rotation of the partners of the Auditors on the Company's audit engagement team as required by applicable law and to consider periodically and, if deemed appropriate, adopt a policy regarding rotation of auditing firms.
5. At least annually, to receive and review written statements from the Auditors delineating all relationships between the Auditors and the Company consistent with Rule 3526 of the Public Company Accounting Oversight Board, to consider and discuss with the Auditors any disclosed relationships or services that could affect the Auditors' objectivity and independence or

that might pose an actual or potential conflict of interest, and to assess and otherwise take appropriate action to oversee the independence of the Auditors.

6. To consider and, if deemed appropriate, adopt a policy regarding Audit Committee preapproval of employment by the Company of individuals formerly employed by the Company's Auditors and engaged on the Company's account. Management will coordinate with the Auditors to ensure that the Auditors' independence is not impaired by hiring former or current Auditor partners, principals or professional employees for certain Company positions. Any employment opportunities with the Company for a former or current Auditor partner, principal, or professional employee should be discussed with the Auditors' Partner/Manager and approved by the Audit Committee before entering into substantive employment conversations with the former or current Auditors' partner, principal or professional employee, when such opportunity relates to serving (1) as chief executive officer, chief financial officer, chief operating officer, chief accounting officer or any equivalent position for the Company or in a comparable position at a significant affiliate of the Company, (2) on the Company's Board, (3) as a member of the Audit or (4) in any other position that would cause a potential violation of the securities law and regulations, or other applicable laws, or create the appearance of a significant conflict or impropriety with the Company.

7. To meet at least once during each fiscal quarter and as deemed necessary by the Audit Committee. In addition, meet not less than annually with senior management of the Company and the Auditors in separate executive sessions. In connection with separate executive sessions held with the Auditors, discuss matters relevant to the quality and integrity of the Company's financial reporting, the results of the Auditor's examinations, inquire as to the Auditors' evaluation of the Company's financial and accounting and other relevant policies and controls and discuss any other matter that the Audit Committee, the Auditors or senior management feel should be discussed in private and confidence.

8. To review, upon completion of the Company audit, the financial statements to be included in the Company's Annual Report on Form 10-K and to recommend whether or not such financial statements should be so included and/or modified or corrected in any way.

9. To discuss with the Auditors and management of the Company results of the annual audit, including the Auditors' assessment of the quality, not just acceptability, of accounting principles, the reasonableness of significant judgments and estimates (including material changes in estimates), any audit adjustments noted or proposed by the Auditors (whether "passed" or implemented in the financial statements), the adequacy of the disclosures in the financial statements, and any other matters required to be communicated to the Audit Committee by the Auditors under Statement on Auditing Standards No. 114 and SEC Rule 2-07.

10. To discuss with management of the Company and the Auditors the results of the Auditors' review of the Company's quarterly financial statements, prior to public disclosure of quarterly financial information, if practicable, or the filing with the SEC of the Company's Quarterly Report on Form 10-Q, and any other matters required to be communicated to the Audit Committee by the Auditors under Statement on Auditing Standards No. 114 and SEC Rule 2-07.

11. To review and discuss with management of the Company and the Auditors, as appropriate, the Company's disclosures contained under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" in its periodic reports to be filed with the SEC.

12. To review and discuss with management of the Company, prior to public disclosure, earnings press releases as well as the substance of financial information and earnings guidance, if any, provided to analysts and ratings agencies, which discussions may be general discussions of the type of information (including the use of pro forma information) to be disclosed or the type of presentation to be made.

13. To review with management of the Company and the Auditors significant issues that arise regarding accounting principles and financial statement presentation, or compliance with applicable laws, including, but not limited to, critical accounting and financial policies and the application of those policies, the potential effect of alternative accounting policies available under the generally accepted accounting principles ("**GAAP**"), the potential impact of regulatory and accounting initiatives and any other significant reporting issues and judgments

14. To review and discuss with management of the Company and the Auditors, as appropriate, the Company's guidelines and policies with respect to compliance, risk assessment and risk management, including, but not limited to, the Company's major financial and other pertinent risk exposures and the steps taken by management to monitor and control these exposures.

15. To evaluate the cooperation from the Company received by the Auditors during their audit examination, including any significant difficulties, obstacles or delays with the audit or any restrictions on the scope of their activities or to access required records, data and information and employees, consultants and advisors of the Company.

16. To review with the Auditors, and, if appropriate, management of the Company, any material weaknesses, noncompliance and significant deficiencies identified during an audit of the internal controls over financial reporting and the management or internal control letter issued or, to the extent practicable, proposed to be issued by the Auditors and management's response, if any, to such letter.

17. To review with the Auditors communications between the audit team, the Auditors, and/or the Auditors' national office and/or the Company with respect to accounting, auditing or other issues presented by the engagement.

18. To review with the Auditors and management of the Company, and ultimately to resolve, any conflicts or disagreements between management and the Auditors regarding internal controls, financial reporting, accounting practices or policies, investigations, audits, or any other relevant matter.

19. To confer with the Auditors and management of the Company on the scope, adequacy and/or effectiveness of internal controls over financial reporting and accounting practices including any special audit steps taken in the event of material control deficiencies.

20. Periodically, to meet in separate sessions with the Auditors and senior management of the Company to discuss any matters that the Audit Committee, the Auditors or senior management believe should be discussed confidentially with the Audit Committee.

21. To consider and review with management of the Company, the Auditors, outside counsel, as appropriate, and, in the judgment of the Audit Committee, such special counsel, separate accounting firm and other consultants and advisors as the Audit Committee deems appropriate, any correspondence or other contact with regulators, governmental agencies, or whistleblowers or other complainants, and any published reports that raise material issues regarding the Company's financial statements or accounting practices or policies.

22. To maintain procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, including the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters on at least a quarterly basis.

23. To review the results of management's efforts to monitor compliance with the Company's programs and policies designed to ensure adherence to applicable laws and rules, as well as to its Code of Business Conduct and Ethics, including review and approval of related-party transactions in accordance with the Company's Interested Party Transactions Policy.

24. The Audit Committee will review transactions between the Company and its interested parties, or in which its interested parties have a personal interest, and transactions of the Company with its officers, resolve whether to approve them and provide reasons for its resolutions regarding: (i) transactions that breach the duty of trust, as set out in Section 255 of the Companies Law, and will review whether these transactions are material; (ii) transactions with interested parties, as set out in Sections 268 to 275 of the Companies Law; or (iii) if transactions, as set out in Sections 270(1), (4) and (4a), are exceptional transactions. On an annual basis, the Audit Committee may establish criteria for classification of types of transactions that will be deemed exceptional or non-exceptional.

25. To review extraordinary transactions of the Company, as set out in Section 270(4) of the Companies Law, and to determine whether such transactions are subject to the approval of the General Meeting based on a determination of whether the terms set out in the Companies Regulations (Relief in Transactions with Interested Parties), 2000, have been met.

26. To examine any deficiencies in the Company's business management, in consultation with the Internal Auditor and the Auditors and to recommend to the Board ways of rectifying such deficiencies. If the Audit Committee discovers a material deficiency, it shall hold at least one meeting on the matter in the presence of the Internal Auditor or Auditors, without the presence of the Company officers who are not Audit Committee members, unless the Audit Committee determines that such officer(s) are required to attend to present a position on a subject(s) in his or her area of responsibility.

27. To hold one meeting a year with the Internal Auditor and the Auditors, without the presence of the Company's officers, to discuss issues and subjects regarding the Audit

Committee's performance and issues arising from the audit, including deficiencies in the Company's business management.

28. To supervise the Internal Auditor, including: (i) submitting a proposal to the Board regarding appointment of a new Internal Auditor; (ii) approving the Internal Auditor's work plan; (iii) discussing findings of the Internal Auditor's reports and monitoring the correction of deficiencies noted in reports; (iv) performing an annual review of the Company's internal auditing system, the Internal Auditor's performance, and whether he or she has the required resources and tool to fulfill the position, with attention, to the Company's special needs and size; and (v) confirming on an annual basis that the Internal Auditor is in compliance with the requirements of the Internal Auditor position. Prior to the termination of the Internal Auditor without his or consent by the Board, the Internal Auditor shall be granted reasonable opportunity to voice his or her position to the Audit Committee, which will then provide its position to the Board.

29. To review and discuss with counsel, the Auditors and management, as appropriate, any regulatory or other legal or accounting matters that could have a material impact on the Company's financial statements, compliance programs and policies.

30. To investigate any matter brought to the attention of the Audit Committee within the scope of its duties if, in the judgment of the Audit Committee, such investigation is necessary or appropriate.

31. To prepare the report required by the rules of the SEC to be included in the Company's annual proxy statement.

32. To review and assess the adequacy of this charter annually and recommend any proposed changes to the Board for its consideration.

33. To report to the Board with respect to material issues if they arise regarding the quality or integrity of the Company's financial statements, the performance or independence of the Company's Auditors or such other matters as the Audit Committee deems appropriate from time to time or whenever it shall be called upon to do so.

34. To review and, if appropriate and subject to any shareholder approval required by the Companies Law, establish insurance coverage for the Company's directors and executive officers.

35. To provide oversight on significant or existential risk exposures and control issues, including, but not limited to, fraud risks, governance issues and other matters needed or requested by senior management and/or the Board.

36. To oversee management's arrangements for the prevention and detection of fraud.

37. To perform such other functions and possess any and all powers as may be necessary or appropriate in the efficient and lawful discharge of the foregoing.

It shall be the responsibility of management to prepare the Company's financial statements and periodic reports and the responsibility of the Auditors to audit those financial statements. These functions shall not be the responsibility of the Audit Committee, nor shall it be the Audit Committee's responsibility to ensure that the financial statements or periodic reports are complete and accurate, conform to generally accepted accounting principles or otherwise comply with applicable laws.

CONTROL OF COMPLIANCE WITH AUDIT COMMITTEE PROCEDURES

The Company Secretary will monitor compliance with the provisions of this procedure and report any deficiency or deviation to the Audit Committee chairperson, for the committee to take measures to rectify all such deficiencies or deviations.

Every quarter, the Company Secretary will transfer the following table monitoring compliance with the provisions of the procedure to the Audit Committee members:

Frequency	Type of action	Status	Remarks
Each meeting	Compliance with quorum for opening Audit Committee meetings		
	Notice to the Internal Auditor on Audit Committee meetings		
	Verification that Audit Committee meetings are not attended by any person not entitled to participate in them		
	Verification that the existence of a personal interest/conflict of interests of any of the participants is disclosed at the beginning of every meeting.		
At least annually	Considering deficiencies in management of the Company's business.		
	Approval of the Internal Auditor's work plan.		
	Review of the Company's internal auditing system and performance of the Internal Auditor.		
	Receipt of confirmation from the Internal Auditor that he or she complies with the requirements of the position of Internal Auditor of the Company.		
	Discussion regarding the scope of work of the Auditors for the auditing services during the reporting year and their fees for the volume of auditing hours in the reporting year.		
	Verification that there was no restriction on the Auditors' work.		
	Provision of the Audit Committee's position to any general meeting of shareholders whose agenda includes termination or non-renewal of the Auditors' term of office.		

	Review of the scope of work and fees of the Auditors <i>ex post facto</i> , and presentation of a recommendation regarding their fees.		
As needed	Convening of the Audit Committee for approval of transactions according to Sections 255 and 268 to 275 of the Companies Law.		
	Submission of a proposal to the Board of Directors for appointment of a new Internal Auditor.		
	Holding of a hearing prior to termination of the tenure of the Internal Auditor in office.		
	Discussion of the findings of the reports submitted by the Internal Auditor and monitoring of correction of the deficiencies.		
	Discussion of whether the Auditors' qualifications are appropriate for conducting audits of the Company (prior to appointment).		
	Determination of arrangements regarding how to treat complaints of Company employees regarding deficiencies in the management of its business and protection provided for employees who complain.		

DISCLOSURE OF CHARTER

This Charter will be made available on the Company's website and to any shareholder requesting a copy.