

# **Anchiano Therapeutics Ltd.**

## **Interested Party Transactions Policy**

**Adopted by the Board of Directors on November 14, 2019**

As stated in the Code of Business Conduct and Ethics (the “**Code**”) of Anchiano Therapeutics Ltd. (the “**Company**”), the Company expects its directors, officers and other employees to avoid conflicts of interest that interfere with the performance of their duties or the best interests of the Company. It is critical that Company decisions be made in the best interests of the Company and its shareholders. Transactions involving an interested or related party, in which the Company is also a participant, may present actual or potential conflicts of interest or even create the appearance of a conflict. However, whether or not a conflict exists with such proposed transactions is often unclear and, in many circumstances, transactions with interested or related parties may, on balance, be beneficial to the Company and its shareholders. Although the Code addresses these matters and other kinds of conflicts generally, this Interested Party Transactions Policy (the “**Policy**”) sets forth the procedures for the identification, review, consideration and approval or ratification of any transaction involving the Company and an “Interested Party” (as defined below) by the Audit Committee of the Board of Directors (the “**Board**”) or by such other committee of the Board (and in certain cases, also by the Board itself, or by the Board and shareholders), as shall be appropriate or as required by the Israel Companies Law, 1999 (the “**Companies Law**”).

This Policy has been approved by the Board. The Audit Committee will review and recommend to the Board, from time to time, any amendments to this Policy that may be advisable. The Policy is not intended to cover all potential conflicts of interest and how to address them as contemplated by the Code. It is limited to the specific subject matter covered herein only.

#### **A. Definitions**

Under this Policy the following terms have the meanings set forth in this section:

1. “**Interested Party**” means any
  - person who is, or at any time since the beginning of the Company’s last fiscal year, was, a director, executive officer<sup>1</sup> or other employee of the Company or a nominee to become a director of the Company, or any person entitled to appoint a director or appoint the Chief Executive Officer of the Company;
  - security holder known by the Company to be the record or beneficial owner of more than 5% of any class of the Company’s voting securities (a “**Significant Shareholder**”);<sup>2</sup>

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<sup>1</sup> For this purpose, executive officer means any individual who is either (i) an “executive officer” for purposes of the United States Securities Exchange Act of 1934, as amended, or (ii) an “office holder” within the meaning of the Companies Law. Under the Companies Law, “office holder” means any director, the CEO, chief business officer, deputy CEO, VP, any person holding such post in the company even if his or her title is different, and any executive reporting directly to the CEO.

<sup>2</sup> Under the Companies Law, the definition of “Controlling Shareholder” for the purpose of the chapter dealing with interested party transactions, appearing in Section 268 of the Companies Law, is any person holding twenty five percent or more of the voting rights in the company’s general meeting if no other person holds upwards of fifty percent of the voting rights in the company; as concerns holdings, two or more people, holding voting rights in a

- “*immediate family member*” of any of the foregoing, which means any child or other descendant, parent, grandparent, spouse, sibling, mother-in-law or father-in-law of such person, and the spouse of any of the foregoing; or
  - firm, corporation or other entity in which any of the foregoing persons is an owner, executive, partner or principal or similar control position or in which such person directly or indirectly has a 5% or greater equity interest (an “*Affiliate*”).
2. “*Interested Party Transaction*” is a Transaction,<sup>3</sup> arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which the Company and any Interested Party are, were or will be participants and in which any Interested Party had, has or will have a direct or indirect material interest. Transactions involving compensation for services provided to the Company as an employee, consultant or director shall not be considered Interested Party Transactions under this Policy.

## **B. Identification of Interested Parties and Dissemination of Information**

1. In order to identify potential conflicts of interest, the Company will establish a list of entities which may be considered as being related to Interested Parties, using a questionnaire that will be circulated to the directors, executive officers and Significant Shareholders of the Company and its subsidiaries, which will include a request for information concerning their interests and holdings as interested parties in various companies, including service as directors and officers (“*Questionnaire*”). The Questionnaire is attached as Appendix A.
2. Based on the questionnaire, the Company will compile a list of persons and entities that may be considered Interested Parties (“*Interested Parties List*”).
3. Directors, executive officers and any Interested Party must update the relevant Supervisor (as defined below) *immediately* of any change in any of the details specified in the Questionnaire. In addition, every six months, the relevant Supervisor (as defined below) will request the respondents of the Questionnaire to update their answers to the Questionnaire or to confirm that no changes have occurred to their answers, so that the Interested Parties List may be updated accordingly.
4. In addition, each director, executive officer and employee shall, and the Company shall request each Significant Shareholder to, notify all of his or her Affiliates and “immediate family members” requiring that, before they or, with respect to “immediate family members,” any of their Affiliates may engage in any Interested

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company each of whom has a personal interest in approving such transaction brought before the company for approval, shall be considered joint holders.

<sup>3</sup> The term “Transaction” has a broad definition in the Companies Law which includes all contracts or commercial ties and a unilateral decision by a company to grant rights or other benefits.

Party Transaction, they must inform the director, executive officer, employee or Significant Shareholder in advance and may not proceed with the transaction in the absence of approval from our Board pursuant to this Policy. The director, executive officer, employee or Significant Shareholder shall be obligated to report the proposed Transaction to the management of the Company for consideration and approval by the Audit Committee of the Board as a Interested Party Transaction in accordance with the terms of this Policy.

- 5. Important!!! This Policy and the Questionnaire do not release any executive officer, director or Significant Shareholder knowing of an interest in an existing or proposed Company Transaction from their duty under the Companies Law and this Policy to disclose such information to the Company immediately (and no later than the Board of Directors meeting in which the Transaction is first discussed), including information regarding the nature of their personal interest in such Transaction, and all material facts or documents.**

#### **C. Early Identification of Interested Party Transactions**

1. The Company's Audit Committee may, from time to time, appoint a person to be responsible for collecting information on transactions with Interested Parties (a "*Supervisor*"). Lacking any decision otherwise, the Company secretary will serve as Supervisor, effective from the date of this Policy's approval.
2. All Transactions proposed by the Company's management will be reported to the Supervisor including the identity of the other parties to the Transaction, and if possible including the identity and interest of the Significant Shareholders and Interested Parties. The Supervisor will check if the entities or persons listed in the Interested Parties List have interests in the said Transaction.

#### **D. Assessing the Need for Seeking Legal Counsel**

Whenever the Supervisor finds that an individual or entity included in the Interested Parties List has an interest in a Company Transaction, the Supervisor will immediately notify the Chair of the Audit Committee, who will decide whether to forward the matter to the Company's legal counsel along with the relevant facts.

#### **E. Advance Approval and Reporting of Interested Party Transactions**

1. Necessary Approvals: Under this Policy, any proposed transaction that has been identified as an Interested Party Transaction may be consummated or materially amended only following approval by the Audit Committee or by such other committee of the Board (and in certain cases, also by the Board itself, or by the Board and shareholders), as shall be appropriate or as required by the Israel Companies Law, in accordance with the provisions of this Policy. The approving body shall be referred to in this Policy as the "*Committee*."

2. Amendments/Changes/Extensions: Any amendment, change, extension or cancellation of an approved Interested Party Transaction must be approved by the Committee.
3. Quarterly Review: Once every quarter, the Supervisor will present the Audit Committee with a review, a copy of which will also be duly submitted to the Chairman of the Board and the Internal Auditor of the Company, of the Company's Interested Party Transactions in the past quarter, along with the terms of each Transaction (annual monetary value, overall monetary value, nature of Transaction, identity of the Interested Party and other material terms), and on the total of all Interested Party Transactions in that quarter and in that year. The review will present all Interested Party Transactions, including any transactions that by virtue of their size or nature may be exempt from approval by the Committee." Furthermore, a follow-up review will be conducted in this matter by the Audit Committee, including a review of the Company's compliance with this Policy, and the Audit Committee will furthermore periodically consider whether to recommend that the Board update or amend this Policy.
4. The Audit Committee may decide to occasionally review various matters pertaining to Interested Party Transactions and to summon to these discussions the relevant persons, including the Company's management, Internal Auditor and legal counsel.

#### **F. Exempt Transactions**

1. Certain Interested Party Transactions may be exempt from approval under the Companies Law, or may be subject to a lesser form of approval than would normally be required, pursuant to regulations promulgated under the Companies Law (such as the Companies Regulations (Relief in Interested Party Transactions), 5760-2000). The approval required for such a transaction pursuant to this policy shall not be more stringent than that required under such regulations, subject to the receipt by the Chair of the Audit Committee of an opinion of legal counsel as to the approval required by regulation.
2. The quarterly review specified in Section E.3 above will also include details on Interested Parties Transactions that are exempt from approval or subject to a lesser form of approval pursuant to subsection 1 above.

#### **G. Ratification of Interested Party Transactions**

Under this Policy, any Interested Party Transaction, if not an Interested Party Transaction when originally consummated, or if not in good faith initially identified as an Interested Party Transaction prior to consummation, shall be submitted to the Committee for review and ratification in accordance with the approval policies set forth above as soon as reasonably practicable. The Committee shall consider whether to ratify and continue, amend and ratify, or terminate or rescind such Interested Party Transaction, and that decision shall be binding on the affected employee, executive officer or director.

## **H. Approval Process and Guidelines**

1. The Committee, in approving or rejecting the proposed Interested Party Transaction, shall consider all the facts and circumstances deemed relevant by and available to the Committee, including but not limited to (a) the risks, costs and benefits to the Company, (b) the impact on a director's independence in the event the Interested Party is a director, immediate family member of a director or an entity with which a director is affiliated, (c) the terms and timing of the Transaction, (d) the availability of other sources of comparable services or products, (e) the terms available from unrelated third parties, and (f) how the Interested Party Transaction was realized and communicated to the Committee as required herein. The Committee shall approve only those Interested Party Transactions that, in light of known circumstances, are in the best interests of the Company and its shareholders, as the Committee determines in the good faith exercise of its discretion.

## **I. Notice**

1. Any person, officer, employee or consultant of the Company who is aware of a Transaction with an Interested Party, which they believe was not duly approved, or for which the necessary information was not disclosed, may contact the Chair of the Company's Audit Committee directly, including anonymously, by written letter or by email sent to the following address: [audit@anchiano.com](mailto:audit@anchiano.com).
2. The Chair of the Company's Audit Committee will update the Audit Committee and the Chairman of the Board upon receiving such inquiry and will act to investigate the complaint and to take the necessary actions.

## **J. General Provisions**

1. This Policy does not detract from any other powers granted to the Company's Chief Executive Officer, Audit Committee or Board by law, including the Board's powers to approve Interested Party Transactions not meeting the conditions of this Policy.
2. If there is any doubt concerning any of the provisions of this Policy, or if there is a question concerning a given Transaction meeting the necessary legal conditions, the person approving the Transaction will seek the opinion of the Company's legal counsel.
3. Any person discussing an Interested Party Transaction will maintain full documentation of such discussion and the decision concerning the said Transaction.
4. The Supervisor will issue a refresher letter reviewing this Policy along with a request to update details as specified in [Appendix C](#) to directors, executive officers, Significant Shareholders and Interested Parties once a year by email along with a copy of this Policy. If any changes were made to the Policy during the year, the email will also refer to such update.

5. All Interested Parties will sign a declaration confirming that they have received a copy of this Policy, as per the form attached as Appendix B to this Policy.
6. The Supervisor will forward this Policy to all new Interested Parties in the Company.
7. The Supervisor will update the Company's Interested Parties of any changes in legislation or guidelines pertaining to the reporting requirements detailed in this Policy.
8. Whenever a report must be made to the Supervisor pursuant to this Policy, such report will be made in the manner specified in Appendix D.

# **Anchiano Therapeutics Ltd. (the “Company”)**

## **Appendix A** **to the Interested Party Transactions Policy**

**Last Updated: November 14, 2019**

### **Interested Party Questionnaire**

#### **Instructions**

This questionnaire will be filled out by the Company’s (a) directors, (b) executive officers and (c) Significant Shareholders (as defined in the Interested Party Transactions Policy).

The information and data included in this questionnaire are to be used in monitoring and control by the Company in connection with proceedings for approving Interested Party Transactions.

Please answer all questions in detail and in order. If a question is not relevant, please state “*Not relevant*”. If an answer is negative, please state so explicitly. Do not leave questions unanswered.

In case of doubt, consult with the Company’s legal counsel.

For definitions for the terms appearing in this questionnaire (including the definition for Interested Party and Executive Officer), see Appendix I hereto.

The definition of Interested Party also includes corporations in which an Interested Party in the Company holds 25% or more of its shares (“***Controlled Company***”), and so Controlled Companies must also complete this questionnaire separately (*e.g.*, a company where 25% of its shares are held by a director or Significant Shareholder of the Company, also constitutes an Interested Party of the Company, and must complete this questionnaire).

In this context, and in general as concerns the questionnaire, “Holdings” – whether individually or jointly with others, whether directly or indirectly, through a trustee, a trust company, a nominee company or in any other manner; in the case of holdings or acquisition by a company – then also by its subsidiary or an associate company, and in the case of holdings or acquisition by an individual – the individual and his relatives living with him, or whose livelihoods depend on each other, shall be deemed as one person, except for holdings or acquisition by an affiliate;

**General Details**

Name:

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ID No. / Company No.:

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Nature of relationship with the Company / Title and date of start of tenure with the Company:

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List all companies in which you hold 5% or more of the share capital, voting rights or power to appoint directors:

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Your position in the Company, subsidiary, associate or an Interested Party therein, if any:

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Are you an immediate family member of any Interested Party in the Company?

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Detail your holdings in all classes of securities of the Company or its subsidiaries or associates, as of today:

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Please note if you were granted any options to buy shares or other securities from the Company, its subsidiaries or associates and if you have any obligation to buy such securities directly or indirectly.

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If you are party to a voting agreement or other agreement, such as: right of first refusal, mutual options, etc., in connection with the Company's shares and the shares of its subsidiaries or associates, please detail the key points of this agreement and attach it to this questionnaire.

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**Disclosure of Transactions**

Please detail **all** your transactions, or transactions in which you had a personal interest, with the Company, signed in the past two years, or earlier transactions which are still in effect. For each transaction, please detail the following:

Identity of the parties to the transaction:

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Quantitative and qualitative profile and details:

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Personal interest in the transaction:

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The transaction's approval date and the organization which approved the transaction.

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I hereby confirm that my above answers are true and complete.

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

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

Date:

## Appendix I to the Questionnaire

1. ***“Interested Party”*** means any

- person who is, or at any time since the beginning of the Company’s last fiscal year, was, a director, Executive Officer or other employee of the Company or a nominee to become a director of the Company, or any person entitled to appoint a director or appoint the Chief Executive Officer of the Company;
- security holder known by the Company to be the record or beneficial owner of more than 5% of any class of the Company’s voting securities (a ***“Significant Shareholder”***);
- ***“immediate family member”*** of any of the foregoing, which means any child or other descendant, parent, grandparent, spouse, sibling, mother-in-law or father-in-law of such person, and the spouse of any of the foregoing; or
- firm, corporation or other entity in which any of the foregoing persons is an owner, executive, partner or principal or similar control position or in which such person directly or indirectly has a 5% or greater equity interest (an ***“Affiliate”***).

2. ***“Executive Officer”***

Director, CEO, chief business officer, deputy CEO, VP, any person holding such a position in the Company even if their title be otherwise, and any other executive reporting directly to the CEO; and the chairman of the board of directors, a substitute director appointed under Section 236 of the Companies Law on behalf of a corporation serving as a director, comptroller, internal auditor, independent authorized signatory and any person holding such a position even if their title be otherwise, and a senior officer of a corporation controlled by the corporation, who has material influence over the corporation, and an individual employed by the corporation in another capacity who holds five percent or more of the par value of the issued share capital or voting rights in the company.

3. ***“Holdings”*** and ***“Acquisition”***

As concerns securities or voting rights, etc. – whether individually or jointly with others, whether directly or indirectly, through a trustee, trust company, nominee company or in any other way; in the case of holdings or acquisition by a company – then also by its subsidiary or associate, and in the case of holdings or acquisition by an individual – the individual and his relatives living with him, or whose livelihoods depend on each other, shall be considered as one person;

‘Holding or acquiring securities together with others’ –

The holding or acquisition of securities in cooperation between two or more persons according to a written or oral agreement; without prejudice to the aforesaid, the following shall be prima facie evidence for holding or acquiring securities jointly -

- (1) A corporation holding or acquiring securities (in this definition – Corporation) together with an interested party in said Corporation or with its associate;
- (2) A person whose business is the holding or trading of securities on behalf of others, together with their client or with their relative who does not live with them and whose livelihoods are not interdependent, for whom he holds and manages securities under power of attorney authorizing him to exercise discretion in exercising the voting right;

4. ***“Control”***

The ability to direct a corporation’s activities, except that ability deriving only from holding the position of director or other position in such corporation, and a person shall be presumed to control a corporation if he or she holds half or more of a certain means of control in such corporation;

5. ***“Means of Control”***

In a corporation – each of the following:

- (1) The right to vote in the general meeting of a company or a corresponding body of another corporation;
- (2) The right to appoint directors in the corporation or its CEO;

6. ***“Associate”***

- (1) A company in which another company – which is not its parent – has invested an amount equal, based on its adjusted balance sheet, to 25% or more of such other company’s adjusted equity, whether in shares or in another form, excluding a loan issued in the ordinary course of business and which is not a shareholders’ loan;
- (2) A company in which another company – which is not its parent – holds twenty five percent or more of the par value of its issued share capital or voting rights, or is entitled to appoint twenty five percent or more of its directors.

**Appendix B**

**Declaration of Receipt of Procedure**

To: Anchiano Therapeutics Ltd.

Dear Sir/Madam,

**Re: Confirmation of Receipt of Interested Party Transactions Policy**

I have received a copy of the Interested Party Transactions Policy, I have read and understood it completely, and I hereby undertake to comply with all its provisions.

Full name: \_\_\_\_\_

Title: \_\_\_\_\_

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

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

## Appendix C

### Periodic Refresher

#### **Re: Reporting Requirements Concerning Personal Interests and Interested Party Transaction Identification Procedure – Reminder**

“The Company hereby asks its interested parties and executive officers (including those serving in its subsidiaries), as may be from time to time, to make sure to provide written notice to the Company secretary, without delay, and in any case no later than the board of directors’ meeting discussing a transaction by the Company or its subsidiaries with an interested party or officer or in which an executive officer has a personal interest, along with a description of the personal interest, and all material facts or documents.

Furthermore, all interested parties or officers in the Company or its subsidiaries must notify the Company secretary, without delay, of any change in any of the information specified in the questionnaire on personal interests and holdings of interested parties or officers in various entities, as submitted to the Company.

Attached, for your review is the binding version of the Company’s procedure, as of this date”.

## **Appendix D**

### **Details of Company Officers**

**Supervisor – Corporate Secretary: Mr. Avraham Hampel**

Email: [avraham.hampel@anchiano.com](mailto:avraham.hampel@anchiano.com)

Address: 1/3 High-Tech Village, Givat Ram, Jerusalem, 9139102

Fax: +972-1532-548-6530

Phone No.: +972-2-548-6530

**In case of the Supervisor's absence, reports or requests for inquiries and clarifications should be directed to the Company's CFO/COO, Mr. Jonathan Burgin:**

Email: [jonathan.burgin@anchiano.com](mailto:jonathan.burgin@anchiano.com)

Fax: +972-2-548-6550

Phone No.: +972-2-548-6531

**Internal Company Auditor: Yossi Ginossar, CPA**

Email: [yossi.ginossar@il.gt.com](mailto:yossi.ginossar@il.gt.com)

Phone No.: +972-3-710-6544

**Audit Committee Chair: Ms. Efrat Makov**

Email: [audit@anchiano.com](mailto:audit@anchiano.com)

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