

**SHEKEL BRAINWEIGH LTD.  
ANTI-BRIBERY AND ANTI-CORRUPTION POLICY**

Updated as of 24 March 2021

**INTRODUCTION**

Shekel Brainweigh Ltd. and its subsidiaries (collectively, the “**Company**”) is committed to complying with all applicable anti-corruption laws and regulations. This Anti-Bribery and Anti-Corruption Policy (the “**Policy**”) reflects the Company’s commitment to the highest prevailing international anti-corruption standards.

**SCOPE OF POLICY**

This Policy applies without exception and without regard to conflicting regional customs, local practices or competitive conditions to all directors, officers and employees of the Company (“**Company Personnel**”). Upon commencement of employment or service (as appropriate) and from time to time thereafter (as requested by the Company), all Company Personnel must acknowledge their being bound by, and agreement to comply, with this Policy by executing the attached Certification of Compliance (Appendix A).

Where appropriate and at the discretion of the Company’s General Counsel, this Policy and the related certification requirement may also be extended to an Agent or Customer Representative (as defined below).

Guidance regarding this Policy should be sought from the General Counsel as necessary and appropriate.

**DEFINITIONS**

“**Agent**” means any provider of services to the Company, such as a customs broker or a consultant.

“**Customer Representative**” means an individual employed by or otherwise associated with purchasers of the Company’s products (whether a direct or indirect customer, or a channel partner).

“**Government Official**” is broadly defined to include any individual who holds a legislative, administrative or judicial position of any kind, whether appointed or elected or under a contract; who exercises a public function; or who is an official or agent of a public international organization (such as the United Nations, the World Bank or the International Monetary Fund). A Government Official also includes any official of a political party and any candidate for political office, no matter how low-ranking or high-ranking. In addition, a Government Official includes any executive, officer, agent or employee of a government-owned or government-controlled directly or indirectly business (such as a state-owned bank or utility, a sovereign wealth fund or a public university). Finally, a Government Official is any person who is acting in an official capacity for the entities described above, including a private consultant who also holds a position with, or acts on behalf of, a government or with a public international organization, or with an enterprise owned or controlled directly or indirectly by a government. A Governmental Official may also include any executive, officer, agent or employee acting in a business (even if privately owned) providing a service to the public.

“**Improper Advantage**” means obtaining something to which the person or entity giving an Item of Value was not entitled or would not have received but for giving the Item of Value.

“**Item of Value**” is broadly defined to include both financial and other non-financial advantages. Items of value include, for example, gifts, entertainment, favors, services, loans and loan guarantees, rebates, in-kind contributions, commissions (secret or otherwise), contractual rights or interests, the use of property or equipment, job offers, transportation, the payment of expenses or debts, or anything to which economic value could attach.

## **POLICY**

### **1. Prohibition of Bribery**

The Company strictly prohibits Company Personnel from offering, promising or giving an Item of Value to a Government Official or a Customer Representative, or their respective family members, directly or indirectly, with the intention of influencing him or her to obtain or retain an Improper Advantage, including business, for the Company. This is the case even if the Government Official or Customer Representative rejects the Item of Value or it fails to bring about the desired outcome.

Bribery concerns do not arise solely in the context of trying to win a contract or business. By way of example, giving an Item of Value to a Government Official or a Customer Representative is prohibited:

- to prevent some governmental action, such as the imposition of a tax or fine;
- to obtain confidential information about business opportunities, bids or the activities of competitors;
- to obtain a permit, license or accreditation, other than to cover appropriate application fees;
- to influence the rate of taxes that would be levied on Company's business;
- to obtain relief or exemption from government controls, inspections or regulations of any kind; or
- to affect the nature of regulations or the application of regulatory provisions.

### **2. "Speed," "Grease" or "Facilitation" Payments**

Giving an Item of Value to a Government Official to expedite or to secure the performance of a routine governmental action is strictly prohibited. These are often referred to as "speed," "grease" or "facilitation" payments and they may include payments to obtain permits, licenses or visas, or to obtain police protection, or facilitate importation of goods.

### **3. Gifts, Meals, Entertainment, Travel and Accommodation**

*General rule.* Company Personnel may not, on behalf of the Company, provide or receive any gifts (including cash or cash equivalents), meals, entertainment, travel or accommodation directly or indirectly, to or from a Government Official a Customer Representative or a supplier including a service provider to the Company, or their respective family members if the transaction might improperly induce (or appear to induce) the recipient to use his or her influence to secure an Improper Advantage for the giver. This includes gifts to charities or other organizations in which the recipient or a family member is or might be involved.

Useful tests for determining a gift's inappropriateness are: (1) if the gift would create embarrassment or obligation for the giver or receiver, or (2) if the action could not stand up to public scrutiny. In receiving gifts, Company Personnel must ask themselves whether one purpose of a gift is intended to influence, or appear to influence, business decisions and would thereby compromise their ability to act in the best interests of the Company.

*Gifts.* Subject to the above, Company Personnel may give or receive a gift of nominal value to or from a Customer Representative. A gift is considered of nominal value if its retail value is less than \$100 or its equivalent. Even if the gift is less than nominal value, Company Personnel should only accept it if it is consistent with common business practice. Any offer to Company Personnel of a gift or other business courtesy that exceeds nominal value, or that seems inconsistent with common business practices, should be immediately reported to the General Counsel.

Company personnel may never give a gift, even of nominal value, to a Government Official.

*Meals and Entertainment.* Company Personnel may offer or receive infrequent, reasonable and appropriate business meals or entertainment, provided that business is discussed at those events and that the activity has a clear business purpose. An example would be the promotion, demonstration or explanation of the Company's products or services, or the execution or performance of a contract. Such activity shall not involve excessive expenditures. The guidelines for reasonable and appropriate activities shall be normal industry practice in the relevant locality consistent with local legal requirements. While the gift value described above does not strictly apply in the case of meals and entertainment, that limitation is an indication of the reasonableness of the meals or entertainment.

#### **4. Political Contributions**

Company Personnel shall not, on behalf of the Company, make any political contributions to political parties, candidates, or campaigns. Contributions to political parties or candidates by Company Personnel, acting solely in their personal capacities during their private time, may not involve the use of any Company funds, time, equipment, supplies or facilities. Political contributions must be approved by the Chief Executive Officer and Chief Financial Officer.

#### **5. Charitable Donations**

The Company needs to be certain that donations to charities and other recipients are not disguised illegal payments to Government Officials or Customer Representatives in violation of applicable anti-corruption laws and regulations and/or to mitigate the risk that they are being used to facilitate money laundering or terrorist financing. Therefore, before making a donation to a charitable entity the following guidelines should be followed:

- A written request describing the charity, including the name of persons contacted, and attaching any supporting documentation, should be submitted to and kept by the Chief Financial Officer.
- Before authorizing any donation to a charity, the accounting department shall confirm that the relevant charity is in fact a bona fide organization and not an entity controlled by or for the benefit of a Government Official or a conduit to fund terrorism.
- Documentation that substantiates the donation must be forwarded to the accounting department to be retained and recorded properly in the Company's books and records.

Charitable contributions must be approved by the Chief Executive Officer and Chief Financial Officer and comply with the Company's policy re: charitable donations (if any).

#### **6. Solicitation, Extortion, Health and Safety**

This Policy prohibits payment even where they have been requested or demanded by a Government Official or if the Government Official threatens adverse action against the Company unless a payment is made.

If a payment is made to protect an individual's health and safety, it should be immediately reported to the Legal Department and must be accurately recorded in the Company's books and records to reflect the amount and purpose of the payment. If at all practicable, contact should be made with the General Counsel before such a payment is made. If prior consultation is not practicable, the fact of payment and the circumstances should be reported as soon as is practicable thereafter.

#### **7. Written Agreements**

The Company shall use its best endeavours to ensure that all new Contracts and agreements on behalf of the Company are in writing and be approved in advance by legal counsel. Agreements with Agents or customers must include the terms of engagement of the Agent or customer, compensation structure, requirements that the Agent or customer will remain in compliance with all applicable anti-corruption laws and regulations, and the means to terminate the relationship if violations occur. In addition, unless specifically approved otherwise by the General

Counsel in advance, agreements with Agents or customers will not be approved if the terms of this Policy, including, but not limited to, the due diligence steps set forth below, are not strictly adhered to.

## **8. Maintenance of Accurate Books and Records**

Company Personnel responsible for incurring any gift, meals, entertainment, travel or accommodation expense must submit supporting documentation to the accounting department so that the payment or expense is accurately described and reflected in the Company's books and records. Misleading or false entries that conceal the source or nature of expenditures or receipts are prohibited. No payment or receipt on behalf of the Company may be approved or made with the intent or understanding that any part of that payment or receipt is to be used for a purpose other than that described in the relevant books and records.

## **9. Relationships with Third Parties**

The actions of customers that are channel partners or Agents ("**Third Parties**") present particular risks, because in certain circumstances the Company and its employees can be held liable for improper payments made even if the Company did not have actual knowledge of the payment. Furthermore, such improper payments between Third Parties and Government Officials may be used to facilitate money laundering or terrorist financing without the knowledge of the Company. Accordingly, this Policy provides for strict due diligence and controls when dealing with Third Parties who may interact with a Government Official for or on behalf of the Company.

### **(1) Payments and Fees**

All payments made to a Third Party must be reasonable in relation to the products sold to, or bona fide services rendered by, the Third Party to or on behalf of the Company. Payments to a Third Party should never be made in cash and should be made to the Third Party's bank account in the country where the services are performed or where the Third Party's offices are located. No payments shall be made to a Third Party without detailed invoices that fully and accurately describe the services and expenses incurred.

### **(2) Due Diligence**

#### **a) Due Diligence Overview**

Due diligence must be performed to ensure that a Third Party is a bona fide and legitimate entity, is qualified for the purpose of its engagement, and maintains standards consistent with the ethical and reputational standards of the Company.

Due diligence on Third Parties also minimizes the risk of payments being used to facilitate money laundering or terrorist financing without the Company's knowledge.

The Company recognizes that corruption risks can vary by location, type of transaction and customer, and, accordingly, this Policy requires enhanced diligence procedures for engaging with Third Parties in circumstances that present a higher perceived risk of corruption.

- Basic Due Diligence is required for screening all potential Third Parties.
- Enhanced Due Diligence is required for all potential Third Parties who may be involved in sales, business development, regulatory approvals or other capacity in the following regions, even if Basic Due Diligence does not identify any "red flags" or issues of concern: **Russia, CIS, Eastern Europe, the Middle East (excluding Israel), Central and South America, China, Southeast Asia and Africa.**
- Enhanced Due Diligence is required for all potential Third Parties who may **deal with Government Officials** on behalf of the Company;

- Enhanced Due Diligence is required if any **issues of concern or “red flags”** are identified in the Basic Due Diligence. Inability or difficulty to verify the corporate history of an entity or the background and expertise of an individual should be considered a “red flag” that requires Enhanced Due Diligence. Negative reports in the media or in the local business community are also “red flags” requiring Enhanced Due Diligence. Appendix B contains a list of red flags. You should discuss any “red flags” concerning a particular potential Agent with the General Counsel.

Appendix C to this Policy provides a flow chart to aid Company Personnel in conducting these due diligence procedures.<sup>1</sup>

#### **b) Basic Due Diligence Steps**

The required Basic Due Diligence includes:

- completion of a credit application form (if applicable);
- verification of the corporate registration of the entity, or the expertise of a person, the business address, corporate history, corporate structure and beneficial ownership, directorships, etc.; and
- media search to identify any negative publicity (i.e., conducting reasonable key word searches using public Internet search engines).

Information regarding items (ii) and (iii) generally can be confirmed through a third party credit report and desktop media searches. Information identified during the background screening will be reviewed by the accounting department and should be maintained in a due diligence file regarding the potential Customer Representative or Business Partner.

#### **c) Enhanced Due Diligence Steps**

The following steps should be taken in connection with Enhanced Due Diligence of a potential Third Party:

- External research and verification of the Third Party’s experience and expertise. Publicly available information regarding the potential Third Party should be verified through independent sources. Appendix D to this Policy identifies sources that should be considered in conducting background checks of potential Third Parties, and lists factors demonstrating relevant experience and expertise that should be used in evaluating potential Third Parties. A copy of all research and background checks should be maintained in the due diligence file regarding the potential Third Party.
- Completion of a Due Diligence Questionnaire. In most cases, it will be appropriate to have the prospective Third Party submit responses to the Due Diligence Questionnaire, attached to this Policy as Appendix E. The Due Diligence Questionnaire should be supplemented with additional questions depending on the particular facts and circumstances. A copy of the completed Due Diligence Questionnaire should be maintained in the due diligence file regarding the potential Third Party.

In addition to the foregoing, in person meetings are a useful means of verifying business qualifications, experience and expertise of Third Parties. Where an in person meeting or meetings has occurred, the Company Personnel involved in such meeting(s) should document, in the form of written notes or a brief memorandum, the date(s) of the meeting(s), location(s), participants and the discussion that took place. Such documentation should then be provided to the General Counsel for review and should ultimately be maintained in the due diligence file regarding the potential Third Party.

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<sup>1</sup> Appendix C serves only as a guide and does not reflect all facts and circumstances that may arise in the course of due diligence. Company Personnel should contact the General Counsel with any questions or for additional guidance.

## **10. Reporting and Disciplinary Action**

### **(1) Failure to Comply and Disciplinary Action**

All persons subject to this Policy shall comply with the Policy and promptly report any known or suspected violations of this Policy, as well as any other illegal, improper or unethical conduct, pursuant to the procedures described below.<sup>2</sup> The Company will view any violation of this Policy or failure to report a violation as a significant matter that warrants disciplinary action and may impose such sanctions as it deems appropriate, including, among other things, a letter of censure or suspension or termination of the employment or services of the violator.

### **(2) Reporting Violations and Anonymous Complaints**

Any transaction, no matter how seemingly insignificant, that might give rise to a violation of the Policy and/or applicable anti-corruption laws and regulations must be reported promptly to a supervisor or manager, or the General Counsel.

If you wish to remain anonymous, you may report a violation of this Policy by contacting the Company's General Counsel at:

Barak Nir, CFO  
Telephone: +972-50-5386090  
Email: barak.nir@shekelbraiweigh.com

All such reports may be made in person or by letter, telephone, facsimile, e-mail, or other means and will be treated as confidential, to be used only for the purpose of addressing the specific problem(s) the reports concern. Such reports will be shared with the Company's management and other authorized individuals only on a need-to-know basis. All persons subject to this Policy shall cooperate fully, truthfully, and candidly with any inquiry conducted by or on behalf of the Company. Failure to provide such cooperation may result in discipline, including termination of employment.

The Board must be informed of any material breaches of this Policy.

### **(3) No Retaliation**

Retaliation against any individual who honestly and in good faith reports misconduct or who participates in an investigation of alleged illegal conduct is strictly prohibited.

### **(4) Review and Remediation**

The Company shall take reasonable steps to ensure that this Policy is followed, including monitoring and auditing to detect non-compliance, and to evaluate periodically the effectiveness of this Policy. The Company shall review and revise the Policy as necessary and as required by any changes to any applicable anti-Corruption laws. Company Personnel should direct any suggestions for improvements to the Policy to the General Counsel.

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<sup>2</sup> Company Personnel should refer to [Appendix B](#) to this Policy for examples of conduct and transactions that may raise concerns about potential violations.

**APPENDIX A**

**SHEKEL BRAINWEIGH ANTI-CORRUPTION POLICY  
CERTIFICATION OF COMPLIANCE**

I, \_\_\_\_\_, have received a copy of, read, and am familiar with the Company's Anti-Corruption Policy (the "**Policy**"). I hereby agree to comply with the specific requirements of the Policy in all respects during my employment, my service on the Board of Directors, or other service relationship for or with the Company, and thereafter to the extent required by the Policy. I understand that any activity in violation of the Foreign Corrupt Practices Act or other applicable anticorruption laws and regulations is prohibited, and I understand the possible consequences of a violation. I am presently in full compliance with the Policy, and I know of no clear violations of the Policy by any other entity or person subject to the Policy, except as previously reported to the Company. I recognize that failure to comply in all respects with the Policy may be a basis for termination for cause of my employment or termination of my service relationship with Shekel Brainweigh.

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Signature

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Date

## **APPENDIX B**

### **RED FLAGS**

All Company Personnel should be aware of “red flags” that may indicate questionable transactions that expose the Company to legal, financial, or reputational harm. “Red flags” include, without limitation:

1. Unusual payments or financial arrangements such as:
  - a. Payments to a bank account without the disclosure of the person’s or organization’s name associated with the account, and/or to a bank account in a different name than the person or organization entitled to payment from the Company;
  - b. Payments to accounts in countries other than where the agent is located or business is to be performed; or
  - c. Cash or non-cash in-kind payments.
2. Unusually high commissions in net value or in comparison to the value of the contract achieved.
3. Unusual or excessive gift, entertainment, meal or travel expenses.
4. History of corruption in the country.
5. The person or organization has a reputation for paying bribes, or requiring that bribes are paid to, or has a reputation for having a “special relationship” with, Government Officials.
6. The person or organization insists on the use of side letters or refuses to put the agreed terms in a written document.
7. The person or organization insists on receiving a commission or fee before committing to sign a contract with the Company or carrying out a government function or process for the Company.
8. Use of a person or organization for the purpose of avoiding knowledge of how interactions with Government Officials occur or how problems are resolved.
9. Refusal by a person or organization to certify or agree to contract language that they will not take action that would violate the applicable anti-corruption laws and regulations.
10. “Recommendations” of a person or organization that come from a Government Official.
11. Complex group structures without obvious explanation.





## **APPENDIX D**

### ***Background Investigation Checklist***

Resources for external verification of a Customer Representative or Business Partner's reputation, experience and qualifications could include:

- A report on candidate's character and reputation by those employees who have met him or her
- A report on candidate's character and reputation based on outside sources:
  - Third party business intelligence providers
  - U.S. State Department country desk or similar source
  - U.S. Commerce Department country or business desk or similar source
  - Commercial Attaché at U.S. Embassy in local country or similar source
  - Commercial office of the foreign embassy in the United States or similar source
  - Chamber of Commerce office
- Bank References
- Screening against databases of politically exposed person and "watch lists" for sanctioned persons, for example:
  - U.S. Department of State List of Statutorily Debarred Parties:  
<http://www.pmddtc.state.gov/compliance/debar.html> or similar source
  - U.S. Office of Foreign Assets Control Specially Designated Nationals List:  
<http://www.treas.gov/offices/enforcement/ofac/sdn> or similar source
- A report on family or business ties to government officials
- A report on prior government service
- Verification that candidate has experience in the area for which he or she is being hired
- Assessment of reasonableness and comparability of proposed compensation or profit arrangement
- Opinion of local counsel on possible issues of local law

### ***Evidence of Customer Representative or Business Partner Experience and Expertise***

Factors that indicate relevant experience and expertise that should be used in evaluating potential Customer Representatives or Business Partners include:

- A good reputation for ethical behavior, business competence, and reliability
- Financial stability (i.e., adequate resources necessary to accomplish the objectives of the agreement)
- Knowledge of applicable legal procedures and laws
- Adequate facilities for providing service and, as necessary, goods
- The ability to keep pace with expanding business opportunities
- Good access to information within the industry and financial sectors
- An established presence in the local business community

**APPENDIX E**  
**DUE DILIGENCE QUESTIONNAIRE**

**[to be completed by potential Customer Representative or Business Partner]**

1. Company Name \_\_\_\_\_
2. Previous Names (if any) \_\_\_\_\_
3. Country Where Work Will Be Performed \_\_\_\_\_
4. Address \_\_\_\_\_  
Telephone \_\_\_\_\_ Fax \_\_\_\_\_
5. Entity type and jurisdiction (e.g., limited liability company, partnership, etc.) \_\_\_\_\_
6. Date & Place of Incorporation \_\_\_\_\_
7. Management Information:  
Chairman/President \_\_\_\_\_  
Managing Director \_\_\_\_\_  
Sales Director \_\_\_\_\_
8. Ultimate beneficial Owners/Principals:  
Name \_\_\_\_\_ % Ownership \_\_\_\_\_  
Name \_\_\_\_\_ % Ownership \_\_\_\_\_  
Name \_\_\_\_\_ % Ownership \_\_\_\_\_  
Name \_\_\_\_\_ % Ownership \_\_\_\_\_
9. Members of the Board of Directors:  
Name \_\_\_\_\_  
Name \_\_\_\_\_  
Name \_\_\_\_\_  
Name \_\_\_\_\_
10. Parent Company(ies) \_\_\_\_\_  
Subsidiary Companies \_\_\_\_\_  
Jointly Owned Companies \_\_\_\_\_
11. Business References:  
(a) \_\_\_\_\_  
(b) \_\_\_\_\_  
(c) \_\_\_\_\_
12. Banking/Credit References:  
(a) \_\_\_\_\_  
(b) \_\_\_\_\_  
(c) \_\_\_\_\_
13. Percentage of your time which will be devoted to the Company business: \_\_\_\_%
14. Historical Background:  
(a) Years company has been in business \_\_\_\_\_  
(b) How long have you been involved in the business of \_\_\_\_\_?  
(c) Briefly describe the establishment of your business, the primary areas of business activity, changes in ownership, changes in areas of concentration, growth plans, potential new markets, etc.  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
15. Briefly describe the experience and qualifications of the management personnel of your business and how this relates to this position.  
\_\_\_\_\_  
\_\_\_\_\_

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16. Please attach financial statements (audited, if available) for the past three (3) years, including balance sheets and profit and loss statements.

17. Please use this space to provide any additional information which you feel may be relevant to your qualifications for the position:

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18. (a) (i) Does any current or former government official, political party official, candidate for political office, or relative of such a person, have an ownership interest, direct or indirect, in your company?  
Yes \_\_\_\_\_ No \_\_\_\_\_

(ii) Is any former or current government official, political party official, candidate for political office, or relative of such a person, an employee, officer or director of your company?  
Yes \_\_\_\_\_ No \_\_\_\_\_

(b) If the answer to either (a)(i) or (a)(ii) above is yes, please state:

(i) The name and official position of the government or political party official or candidate:

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(ii) The official duties and responsibilities of the government or political party official or duties related to the office for which such person is a candidate:

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(iii) (a) Indicate the type and extent of the ownership interest in your company of the government or political party official or candidate:

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(b) Indicate the position of the government or political party official or candidate, or the relative of such person, with your company:

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(c) If the government or political party official or candidate in question is a relative of an owner, employee, officer or director of your company, state the relationship of that official to your owner, employee, officer or director:

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SIGNATURE

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DATE

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TYPED NAME AND TITLE

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COMPANY