

Scoutcam Guidelines for Hiring Employees or Former Employees of the Independent Auditor

1. Purpose and Scope of the Guidelines. These Guidelines address certain limitations on Scoutcam and its subsidiaries (the "**Company**") with respect to hiring employees or former employees of the Company's *independent auditor*.

The Company's audit committee (the "**Audit Committee**") is responsible for engaging the independent auditor to perform an independent audit of the Company's financial statements and the effectiveness of the Company's internal control over financial reporting. The purpose of these Guidelines is to ensure that the Company does not take an employment action that would impair the independence of the independent auditor.

Italicized terms used in these Guidelines are defined in Section 5 of the Guidelines.

2. Employment Guidelines.

2.1 The Company will not employ a current partner, principal, shareholder, or professional employee of the independent auditor.

2.2 The Company will not employ in an *accounting role* or *financial reporting oversight role* a *close family member* of a *covered person of the independent auditor*.

2.3 The Company will not employ in a financial reporting oversight role any former partner, principal, shareholder, or professional employee of the independent auditor who has been a member of the *audit engagement team* unless a period of at least two years has elapsed following the end of that individual's membership on the audit engagement team.

2.4 The Company will not employ in an accounting role or financial reporting oversight role any former partner, principal, shareholder, or professional employee of the independent auditor if he or she:

(a) is in a position to influence the independent auditor's operations or financial policies; or

(b) has a continuing financial interest in, or a financial arrangement (other than a *permitted fixed payment plan*) with, the independent auditor.

2.5 The Company will not employ:

(a) any former partner of the independent auditor, regardless of his or her membership on the audit engagement team, for a period of three years following his or her resignation or retirement from that position; or

(b) any former employee of the independent auditor as an officer of the Company for a period of three years following the termination of his or her employment at the independent auditor.

2.6 The Company will not employ any other individual whose employment by the Company is prohibited by, or violates, the terms of the engagement letter signed by the Company with the independent auditor.

2.7 The Company's Chief Financial Officer and the chair of the Audit Committee must approve the hiring of any former employee of the independent auditor into any position at the Company.

3. Oversight.

3.1 The Company's Chief Financial Officer shall be responsible for disseminating these Guidelines periodically as necessary to:

- (a) finance and accounting personnel at the Company and its subsidiaries;
and
- (b) the lead engagement partner of the independent auditor.

3.2 The Company's Chief Financial Officer shall report to the Audit Committee in the event of any hire the Company has made from the independent auditor during the preceding year.

4. Review of the Guidelines. The Audit Committee shall review these Guidelines periodically as necessary for purposes of assuring continuing compliance with applicable law, including regulations of the US Securities and Exchange Commission (SEC), the Public Company Accounting Oversight Board, the Nasdaq Stock Market and any other regulatory or self-regulatory bodies.

5. Definitions.

5.1 *Independent auditor* means each independent registered public accounting firm that is required to be "independent" with respect to the Company or any of its subsidiaries under the rules and regulation of the SEC for purposes of auditing the Company's consolidated financial statements (or any separate subsidiary financial statements included in any of the Company's SEC filings) and the effectiveness of the Company's internal control over financial reporting.

5.2 *Accounting role* means a role in which a person is in a position to or does exercise more than minimal influence over the contents of the accounting records or anyone who prepares them.

5.3 *Financial reporting oversight role* means a role in which a person is in a position to or does exercise influence over the contents of the financial statements or anyone who prepares them. For purposes of these Guidelines, the following executive officers and other personnel are considered to have a financial reporting oversight role:

- Chief Executive Officer.

- President.
- Chief Financial Officer.
- Chief Operating Officer.
- Controller.

5.4 *Close family member* means a person's spouse (or equivalent), parent, dependent, nondependent child and sibling.

5.5 *Audit engagement team* includes any partner, principal, shareholder and professional employee of the independent auditor having responsibility for providing audit, review, or attest services to the Company (including consulting with others on the audit engagement team regarding technical or industry-specific issues, transactions or other matters pertaining to the Company), except that for purposes of these Guidelines only, personnel other than the lead and concurring partners who provided less than ten hours of services to the Company during the applicable period are not considered members of the audit engagement team.

5.6 *Covered person of the independent auditor* means partners, principals, shareholders and employees of the independent auditor who fall into any one of the following categories:

- Any person who has responsibility for providing audit, review, or attest services to the Company (including consulting with others on the audit engagement team regarding technical or industry-specific issues, transactions or other matters pertaining to the Company).
- Any person who supervises or has direct management for the audit, including at all successive senior levels through the independent auditor's Chief Executive Officer, or who evaluates the performance or recommends the compensation of the audit engagement partner or provides quality control or other oversight of the audit.
- Any other partner, principal, shareholder, or managerial employee of the independent auditor who has provided at least ten hours of non-audit services (determined from the time the services are provided until the date of the audit report for the year with respect to which the services were provided), or who expects to provide ten or more hours of non-audit services to the Company on a recurring basis.
- Any other partner, principal, or shareholder from the independent auditor's office in which the lead audit engagement partner for the Company primarily practices in connection with the audit.

5.7 *Permitted fixed payment plan* means an arrangement between the independent auditor and a former employee of the independent auditor that provides **only** for regular payments of a fixed dollar amount, not dependent on the independent auditor's revenues, profits, or earnings, that are either:

- Pursuant to a fully funded retirement plan, rabbi trust, or, in jurisdictions in which a rabbi trust does not exist, a similar vehicle.

- In the case of a former professional employee who was not a partner, principal, or shareholder of independent auditor and who has been disassociated from the accounting firm for more than five years, that is immaterial to the former professional employee.