



## **Statement of Pointer Telocation Company Policy Regarding Insider Trading**

U.S. federal securities laws as well as the Israeli securities laws, prohibit insiders of a public company, such as officers, directors and employees, from trading in the securities of that company on the basis of “inside” information. In addition to the direct liability of insiders for insider trading violations, potential liability on the part of companies and their directors and officers exists for failures to prevent such violations by company personnel. In light of these liabilities and the severity of sanctions that could be imposed upon both you and Pointer Telocation Ltd. (the “Company”) for insider trading violations, we have adopted policies and procedures regarding the ability of Company officers, directors and employees to trade in securities of Pointer Telocation.

Please note that while these procedures and policies are the Company’s policy, and are intended to aid in compliance with US securities laws, they are not intended to replace the primary responsibility of each employee to understand and comply with the prohibition on insider trading under U.S. securities laws. If you have any questions on any of the following, or with respect to your obligations under U.S. securities laws generally, please contact Zvi Fried, the Chief Financial Officer of the Company.

### **Background**

U.S. securities laws impose severe criminal and civil sanctions against those who engage in insider trading. Individuals who trade on inside information or “tip” such information to others may be subject to:

- Disgorgement of profit made or losses avoided by trading or tipping;
- Significant criminal and/or civil fines (greatly exceeding the profits realized) and prison sentences.

In addition to sanctions against those who directly violate the prohibition on insider trading, U.S. securities laws, in certain circumstances, impose a penalty on companies and their directors and officers for failure to take measures to prevent such violations.

## **Company Policy**

In light of the severity of possible sanctions to employees and to the Company, we have adopted procedures and policies to safeguard against prohibited insider trading. Since you will be asked to certify as to your understanding and intention to comply, as well as to your actual compliance with the adopted policy statement, you should read this statement carefully and contact Zvi Fried, the Chief Financial Officer of the Company, if you have any questions.

## **Restrictions**

- No director, officer or employee of the Company who possesses material Non-public Information relating to the Company may buy or sell securities of the Company or engage in any other action to take advantage of, or pass on to others, such information.
- No director, officer or employee who, while acting for the Company, obtains material Non-public Information which relates to any other company, including customers or suppliers of the Company, may buy or sell securities of that company or otherwise misuse such information.
- No director, officer or employee should engage in any of the following, or similar, transactions with respect to securities of the Company: (i) selling short; or (ii) buying or selling puts or calls; and (iii) purchasing on margin.
- Directors, officers and employees must not discuss or disclose Non-public Information about the Company or its activities that may have an impact on the value of the Company's stock, except when clearly authorized in connection with the Company's business.
- Directors, officers and employees may only trade in the Company's securities during the Company's "Trading Window," beginning on the third business day following the public announcement of the Company's quarterly earnings and ending seven (7) calendar days prior to the end of the next fiscal quarter (for example, for the fiscal quarter ending June 30, the last day of the Trading Window would be on June 23 and no trading would be permitted as of June 24). See Attachment A for more detail.
- Directors, officer and employees may not answer questions or provide information about the Company and its affairs to Company outsiders unless they are specifically authorized to so, or it is a regular part of their position.

## **Applicability of Restrictions**

**Material Information.** "Material information" is any information that a reasonable investor could consider important to a decision to buy, hold or sell stock and which therefore could reasonably affect the price of the stock. In short, "material information" is any information or important development that could reasonably affect the business or financial condition of an issuer or the market price of its stock. No bright-line test exists to determine

when information is material. Accordingly, assessments of materiality involve highly fact-specific inquiries.

Examples of material information includes (but is not limited to):

- progress toward achieving revenue and earnings targets of public securities analysts or targets announced in the context of Company guidance
- projections of future earnings or losses
- knowledge regarding a pending or proposed merger, acquisition or tender offer or regarding a significant sale of assets
- knowledge regarding establishment of a major strategic partnership
- changes in dividend policies
- the declaration of a stock split or the public or private offering of additional securities
- changes in management
- changes in accountants or in accounting policies
- breakthroughs in technology
- the award or loss of a substantial contract
- execution of a letter of intent or license or other commercial agreement with a customer
- information regarding the initiation of significant litigation, actual or threatened disputes or governmental investigations and any significant developments in any significant litigation, dispute or governmental investigation.

Either positive or negative information may be material. If you are unsure at any time as to whether you are in possession of material information about the Company, you should contact Zvi Fried, the Chief Financial Officer, for clarification.

Non-Public Information. The restriction on trading based on material information applies not only to non-public information but also applies for a limited time after such information has been released to the public. “Non-public Information” is any information that has not been disclosed to, and absorbed by, the marketplace. Thus, information about the Company that is not yet in general circulation should be considered non-public. The Company’s shareholders and the investing public must be afforded time to receive and digest material information. As a general rule, you should consider material information to be non-public from the time you become aware of material information until two business days (in the United States) after it has been released by the Company to the public and, accordingly, you should not engage in any stock transactions until the third business day after material information has been released to the public. If the

information is complex or is not widely disseminated, we suggest that you wait an even longer period of time. The good faith belief that Material Information has been made public at the time an individual trades does not relieve an individual from liability if he or she is wrong.

In addition, the Non-public Information you may have about the Company, its plans and financial results is considered to be confidential by the Company and should not be disclosed outside the Company whether or not it actually is material, unless making such disclosures are required for a valid business purpose and making such disclosures is a regular part of your position.

Members of Household and Family Members. The restrictions on trading set forth above apply not only to you but also to members of your household and immediate family members. Unrelated persons are also covered if they live with or are supported by you. Insiders are responsible for compliance of such persons and should, if necessary, review with them Company policy and the general prohibitions on insider trading.

Tipping Information to Others. You may not disclose any material Non-public Information to your friends, your social acquaintances or anyone else unless the recipient needs to know such information for valid Company-related business reasons. This prohibition applies whether or not you receive any benefit from the other person's use of that information.

#### Maintaining Confidentiality.

All Insiders should avoid communicating Non-public Information to any person (including family members and friends) unless the person has a "need to know" the information for Company-related business reasons. This restriction includes not making any disclosures on any social media outlets (i.e. Facebook or similar forums), Internet "chat rooms," "blackboards," electronic "bulletin boards," in any e-mail correspondence or in any other electronic medium on the Internet or the Company's intranet, except if clearly authorized by Zvi Fried, the Chief Financial Officer, to do so. This guideline applies without regard to the materiality of the information. It is the responsibility of each Insider to take whatever practicable steps are appropriate to preserve the confidentiality of Non-public Information.

Consistent with the foregoing, Insiders should be discreet with Non-public Information and refrain from discussing it in public places where it can be overheard, such as elevators, hallways and other public spaces in the Company's offices, restaurants, taxis and airplanes.

To avoid even the appearance of impropriety, each Insider should at all times refrain from providing advice or making recommendations regarding the purchase or sale of the Company's securities or the securities of other companies of which he/she has knowledge as a result of his/her employment or association with the Company.

If an individual communicates information that someone else uses to trade illegally in securities, the legal penalties described above will apply whether or not such individual personally derived any benefit from the illegal trading.

If an Insider inadvertently discloses material and Non-public Information, or discovers that someone else inside or outside the Company has, the Insider should immediately report the facts to Zvi Fried, the Chief Financial Officer, for a decision regarding the appropriate remedial steps.

No Exceptions. Generally, there are no exceptions to these prohibitions. Transactions that might otherwise be necessary for emergencies or other personal reasons are prohibited. Note, however, that the Securities and Exchange Commission has adopted Rule 10b5-1 which permits the establishment of certain trading plans by insiders. Such trading plans ("Trading Plans") are intended to cover situations in which an Insider must demonstrate that material and Non-public Information was not a factor in a trading decision. Under Rule 10b5-1 of the Exchange Act of 1934, as amended, there is flexibility for those who plan transactions in advance and comply with a qualified Trading Plan.

In order to qualify, Trading Plans must include, among other things:

- a specified amount of the securities to be purchased or sold, and the price at which and the date on which the securities are to be purchased or sold; or
- a written formula or algorithm, or computer program for determining the amount, price and date of the transaction; or
- a written plan which prohibits the Insider to exercise any subsequent influence over how, when and whether to conduct the purchases or sales, and delegates those decisions to a person who did not possess Material and Non-public Information.

Rule 10b5-1 Trading Plans are most commonly used by executives of publicly traded issuers who are likely to have only limited windows in which they do not possess material nonpublic information. Before entering into a Trading Plan, Insiders must first contact Zvi Fried, the Chief Financial Officer for prior clearance.

### **Procedures**

- All directors, officers and employees shall execute the attached certification regarding compliance with the policies and procedures set forth in this policy statement and with the prohibition against insider trading.
- On a periodic basis (at least annually), all directors, officers and employees shall certify as to compliance with the policies and procedures set forth in this policy statement and with the prohibition on insider trading.
- Officers, directors and employees shall only trade during "Trading Windows" although from time to time, when notified by the Company, trading may not be permitted during such Trading Windows because of material developments, etc. During all non-Trading Window periods, such persons shall not trade in Company securities.

### **Post-Employment Trading Restrictions**

You agree to comply with this policy until such time as you no longer possess any material Non-public Information subject to this policy, including during such time that you are no longer an Insider of the Company.

### **Conclusion**

This statement is intended to present the Company's procedures and policies with respect to the trading of securities by directors, officers and employees. The procedures and policies set forth in this policy statement present only a general framework within which you may purchase and sell securities of the Company without violating insider trading laws. You have the ultimate responsibility for complying with insider trading laws. You should therefore not rely totally on the procedures and policies set forth herein but rather you should obtain additional guidance whenever possible.



## Attachment A

As described in our “Statement of Company Policy Regarding Insider Trading,” Pointer Telocation Ltd. (the “Company”) has instituted restrictions on trading in the Company’s securities. This memorandum will explain the Company’s Trading Window procedures.

### **The Trading Window**

Due to the potential impact of the release of financial information at the end of each fiscal quarter on the price of the Company’s securities, directors, officers and employees (collectively, “Insiders”) of the Company who trade near the end of a fiscal quarter incur greater risks of being party to a future lawsuit based on allegations that they are trading on inside information. To provide a measure of protection, the Company has instituted what it refers to as the “Trading Window.”

The standard Trading Window will commence on the third (3) business day following the public announcement of the Company’s quarterly earnings (including by means of a press release) and end seven (7) calendar days prior to the end of the next fiscal quarter (for example, for the fiscal quarter ending June 30, the last day of the Trading Window would be on June 23 and no trading would be permitted as of June 24). **You may not buy or sell the Company’s securities at any time other than during the Company’s Trading Window.** The foregoing prohibition does **not** include the exercise (without selling) of stock options granted under the Company’s stock plans. Note, however, that cashless exercises, or a same day sale of stock options (meaning exercising the stock options into shares, and selling the shares, on the same day) through a broker is considered a sale of stock for this purpose, and these “same day sales” may only be done within the Trading Window.)

Please note that the Company may restrict the Trading Window for some or all Insiders at certain times. Usually this will occur when the Company is imminently considering some significant decision, for example, a public offering of securities, or an acquisition or a major commercial transaction. At those times, you will receive a separate communication from me advising of the restriction of the regular Trading Window. In addition, Insiders subject to these additional restrictions should not disclose to others the fact of such suspension of trading.

It is the responsibility and obligation of each Insider to make sure that there is a valid Trading Window in effect prior to trading in any securities of the Company.

### **Beneficial Ownership**

The legal prohibitions against insider trading apply to securities *beneficially* held by you, as well as securities *directly* held by you. In other words, depending on the circumstances, ownership of shares held by members of your household or in the name of family members could

be attributable to you. Accordingly, if your spouse, child or other person living in your home were to buy or sell the Company's stock during a period other than within the Trading Window, the transaction might be deemed a purchase or sale by you. The Trading Window restrictions apply not only to stock transactions by you, but also to such transactions by your spouse, minor children, other persons living in your home or who are your dependents, and any other person or entity who holds shares over which you do or may have some control.

If you have any questions about the Company's Trading Window procedures, please feel free to call me.