

FOAMIX PHARMACEUTICALS LTD.
ACCOUNTING AND AUDITING WHISTLEBLOWER POLICY

Adopted as of July 6, 2014

I. Introduction

Consistent with the commitment of Foamix Pharmaceuticals Ltd. (the “**Company**”) to the highest ethical standards of business conduct, the Company’s Board of Directors has adopted this Accounting and Auditing Whistleblower Policy (the “**Policy**”). The Policy establishes procedures for the receipt, retention and treatment of complaints concerning accounting, internal accounting controls and auditing matters relating to the Company. The Company’s Audit Committee, once established, will be responsible for overseeing the receipt, retention and treatment of all such complaints. The Company is committed to complying with all federal laws and accounting standards applicable to accounting and auditing matters.

The Company expects the officers and employees of the Company and its subsidiary, as applicable (collectively, the “**Employees**”), to report any known or suspected questionable accounting or auditing matters relating to the Company. It is the Company’s policy that Employees may submit good faith reports of such information without fear of dismissal or retaliation of any kind. *This Policy pertains to complaints regarding questionable accounting or auditing matters only.*

II. Questionable Accounting or Auditing Matters

As used in this Policy, the phrase “questionable accounting or auditing matters” includes, but is not necessarily limited to, suspected or known acts of:

- A. fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of the Company;
- B. fraud or deliberate error in the recording and maintenance of financial records of the Company;
- C. deficiencies in or noncompliance with the Company’s internal accounting controls;
- D. misrepresentation or false statement to or by a senior officer or accountant of the Company regarding any matters contained in the financial records or any financial or audit reports of the Company;
- E. misappropriation of Company funds; or
- F. deviation from full and fair reporting of the Company’s financial condition.

III. Purpose of the Policy

The Board of Directors has adopted this Policy in order to:

- A. facilitate the disclosure of any questionable accounting or auditing matters before they can disrupt the business or operations of the Company or result in injury to shareholders;
- B. promote a climate of individual accountability among the Employees with respect to the Company’s accounting, internal accounting and auditing matters; and
- C. ensure that Employees feel secure in making, and have open and effective channels through which to make, reports to the Audit Committee concerning any questionable accounting or auditing matters.

IV. Reporting Persons Protected From Retaliation

This Policy provides protection from retaliation to Employees who make any complaint with respect to an alleged questionable accounting or auditing matter (“**Reporting Person**”), *provided* the complaint was made:

- A. in good faith;
- B. with the reasonable belief that subject matter of the complaint relates to a questionable accounting or auditing matter; and
- C. pursuant to the procedures contained in Section VI below.

Any act of retaliation against a Reporting Person making such a complaint will be treated by the Company as a serious violation of Company policy, which could result in dismissal.

V. Confidentiality of Complaints

If the identity of any Reporting Person is known, unless such Reporting Person has authorized the Company to disclose his or her identity, the Company will exercise reasonable care to keep the identity of such person confidential unless: (1) such confidentiality is incompatible with a fair investigation of the complaint; (2) there is an overriding reason for identifying or otherwise disclosing the identity of such person; or (3) such disclosure is required by law.

Furthermore, the identity of any such Reporting Person may be disclosed if it is reasonably determined that such person made a complaint maliciously or recklessly, or if disciplinary proceedings are invoked against such person in connection with the malicious or reckless complaint. In all cases, unless otherwise determined by the Audit Committee Chairman, other members of the Audit Committee and the Company’s Chief Financial Officer will have access to all information contained in the complaint.

VI. Submitting Complaints

Reporting Persons should submit complaints regarding questionable accounting or auditing matters via the Foamix Confidential & Anonymous Financial Concern Hotline and providing the information called for by Exhibit A. The complaint is confidential and will be delivered directly to Mr. Dan Foltyn, CPA, the Company’s internal auditor. The internal auditor will review the complaint and will inform the Audit Committee Chairman.

The hotline provides three ways to leave a message:

- A. Secure web form - <http://www.openboard.info/FOMX>
- B. E mail address - FOMX@openboard.info
- C. Voicemail - +1- 855-214-0926

After sending the message, the reporting person will receive back a 14 to 16 digit code which can be used to access the status of the message and can be used by the internal auditor to ask for further information.

Non-Employees are required to disclose their identity in any complaints submitted under this policy. Complaints submitted by non-Employees on an anonymous basis may not be reviewed.

VII. Review and Investigation of Complaints

- A. Upon receipt of a complaint, the Audit Committee Chairman will determine whether the complaint pertains to an accounting or auditing matter;
- B. If the complaint does not relate to an accounting or auditing matter, the Audit Committee Chairman will address such complaint in the normal course or refer the complaint to the Company’s CEO;

- C. If the complaint relates to an accounting or auditing matter, the complaint will be forwarded to the Company's CFO and an investigation will be conducted in an expeditious manner, taking into account the nature and complexity of the complaint and the issues raised therein, with oversight by the Audit Committee Chairman;
- D. Unless otherwise determined by the Audit Committee Chairman, the investigation team will include, at a minimum, the Audit Committee Chairman and the CFO, both of whom will be responsible for developing and executing a plan of investigation, and if applicable, in concert with any outside parties whose involvement was requested by the Audit Committee Chairman (such parties collectively referred to as the "Investigation Team");
- E. Following each investigation, the Investigation Team shall issue a report to the Audit Committee with a conclusion as to whether the complaint and related investigation lead to a finding of any questionable accounting or auditing matters, including a description of the underlying facts giving rise to such conclusion ("Investigation Report");
- F. If the Investigation Report indicates a finding of any questionable accounting or auditing matters, the Investigation Report shall also include a recommendation for prompt and appropriate remedial action. Such remedial action will be taken as warranted in the judgment of the Audit Committee.

- **Reports to the Board of Directors**

All Investigation Reports shall be made available to the Board of Directors at its next regularly scheduled meeting, unless the Audit Committee Chairman determines that a more immediate report is warranted.

- **Retention of Complaints**

The Audit Committee Chairman, or his designated representative, will maintain all complaints, tracking their receipt, investigation and resolution. All complaints and Investigation Reports will be maintained in the Company's files for a period of not less than six years.

- **Reporting and Annual Review**

This Policy will be reviewed annually by the Audit Committee, taking into account the effectiveness of the Policy in promoting the reporting and investigation of questionable accounting or auditing matters of the Company, with a view to minimize improper complaint submissions and investigations.

EXHIBIT A

Form of Complaint for Reporting Questionable Accounting or Auditing Matters

Please be advised that U.S. federal law and Israeli law prohibits the Company, and anyone acting on its behalf, from discharging, demoting, suspending, threatening, harassing, reducing the compensation of, or in any other manner taking punitive action against, any employee of Foamix Pharmaceuticals Ltd. or any of its subsidiaries, as applicable (“**Foamix**”), who in good faith makes a report of a questionable accounting or auditing matter pursuant to the terms of the Foamix Accounting and Auditing Whistleblower Policy.

Part I (Completing Part I is optional for employees of Foamix)

Name: _____

Address: _____

Telephone Number:

Home: _____

Work: _____

Mobile: _____

E-Mail: _____

I authorize / do not authorize the disclosure of my identity as reasonably necessary in connection with an investigation of my complaint. _____ (initial here)

Part II

I am (check one):

_____ an employee of Foamix

_____ **not** an employee of Foamix

Type of Violation (check one):

_____ Accounting and Auditing

_____ Retaliation for Prior Complaint

Violation is:

_____ Ongoing

_____ Completed

_____ Unclear whether ongoing or completed

Department(s) suspected of violation: _____

Individual(s) suspected of violation: _____

Describe all relevant facts of the suspected violation:

Describe how you became aware of the suspected violation:

Describe steps taken, if any, to remedy the violation prior to submitting this complaint:
