



# Our Way of Doing Business

Bezeq's Code of Business Ethics

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# Dear Managers and Employees,

Bezeq is the best and leading telecommunications company in Israel.

We fight for this position and earn it every day thanks to our service, professionalism, marketing innovation, leading technology, our full commitment to the customer experience and mainly thanks to the quality of our outstanding employees and managers alike. While we are highly motivated to succeed in our business, at the same time, we make sure to follow the principles of practice and the ethical and business values of Our Way of Doing Business – Bezeq's Code of Ethics. For us, there is no other way to do business.

The principles of practice according to which the Code of Ethics was built, and from which the rules of conduct derived, constitute the standard by which we measure ourselves in our way of doing business every day. These principles of practice are our "North Star".

Our Code of Ethics does not include a solution for every business situation that may occur along our way (which as we know is infinite). But it does express a perception of existence and value anchor according to which specific business decisions should be weighed. At these junctures of decision-making, our business challenge is to reach decisions that achieve results on the one hand, and at the same time, seek to maintain a healthy and clean ground.

Bezeq, as an Israeli company that lives and operates within the Israeli market sharing its ups and downs, we know that to make our customers feel at home carries tremendous responsibility!

We believe that together we will continue to lead the telecommunications market in Israel, while maintaining innovation and technological leadership as well as a business culture that constitutes a role model for other companies in Israel.

Advanced services and innovative technologies enhance the communications experience. Honesty, respect for others, equality, fairness, personal responsibility, caring, openness and excellence – make it happen!

Sincerely,



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**Gil Sharon**  
Chairman of the Board



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**Dudu Mizrahi**  
Chief Executive Officer

# 1. Chapter A – General Introduction

## “Our Way of Doing Business ”

### 1.1 | What is a code of ethics?

Bezeq’s Code of Ethics – Our Way of Doing Business – is a document methodically setting out the principles and rules of proper conduct, providing guidance for the actions of the company’s senior officers, directors and employees. With regard to the nature and areas of the company’s activities, the Code sets a “bar” – of the ideal of doing business that we aspire to, and in this it differs from procedures or laws, which set a “threshold” – the minimum necessary.

In fact, Our Way of Doing Business constitutes our North Star – an explicit and tangible declaration of what we, Bezeq directors and employees, believe in and aspire to.

As a formal document, a code of ethics cannot cover all possible situations as part of our work, which as we know are endless. Therefore, when applying the principles of the Code of Ethics, we must also exercise reasonable and appropriate discretion.

- It is the duty as well as the right of all Bezeq managers and employees to read the Code of Ethics carefully and act accordingly!
- The Code relates to all echelons in Bezeq: Directors, senior officers, managers and employees.

### 1.2 | Complying with the law

The principles and rules set out in this Code are not the sole source of the rules of conduct at Bezeq. They join and take their place on top of the necessary minimum reflected in the laws, regulations and company procedures.

#### **Acknowledgment of, respect for and compliance with the laws of the country and the company’s procedures are the basis for the rules of ethics prescribed in the Code!**

- 1.2.1 Bezeq managers and employees must respect the law and comply with its provisions fully wherever they operate.
- 1.2.2 In addition, Bezeq managers and employees must faithfully comply with the procedures, regulations and norms of conduct which the company and its staff are obligated to follow.
- 1.2.3 As a provider of services to the public, every manager and employee at Bezeq is obligated to exercise appropriate professional care while doing their work reliably and diligently.
- 1.2.4 Bezeq managers and employees must act within the authority granted to them, taking appropriate means of control..

### 1.3 | Management’s responsibility

Business ethics are a true managerial challenge and test. Bezeq’s management undertakes to lead the company according to the standards set out in the Code of Ethics – Our Way of Doing Business, to serve as a model of personal integrity, fairness and honesty, and to be a beacon for any act or conduct on the personal, professional and organization level.

- 1.3.1 Managers should examine and monitor any signs of unethical conduct in the company and report them to the person in the company responsible for its prevention.
- 1.3.2 Managers must strive to create an atmosphere in which the staff feel free to express their opinion and report situations of conflict or ethical dilemmas which are not in line with the Code of Ethics.

#### **1.4 | PRINCIPLES OF PRACTICE**

In a world where cultures change constantly, companies evolve, product offerings come and go, at Bezeq we have established seven principles of practice, which express the very essence of Our Way of Doing Business and continuously accompany us:

1

## Integrity

Be genuine and true to what we believe in. Act sincerely, fairly and with decency, and do the right thing without compromise.

2

## Respect others

Treat everybody with respect: coworkers, customers, business partners and all those who work with us, because good manners come before business.

3

## Personal responsibility

Each and every one of us bears personal responsibility for their actions, even when working as part of a group, whether large or small.

4

## Equality and Fairness

We believe in equality and non-discrimination based on gender, religion or ethnicity. We shall treat our customers, peers, employees, business partners, all our competitors and the Israeli community fairly and honestly, out of a set of practical, systematic considerations, with the underlying rationale also being understood by a neutral party.

5

## Caring

We act out of a connection with our surroundings and do the utmost required to create real value and significance in every meeting with customers, peers, the community and the society in Israel and among ourselves.

6

## Openness

We shall approach every person, subject or idea with curiosity, enthusiasm and sincerity, out of a mindset that they are offering us new and surprising opportunities for the future.

7

## Excellence

Each of us is responsible for quality performance in every task and every managerial action we undertake. Professionalism, excellence and constant striving for improvement should be our guiding principle.



## 2. Chapter B – Rules of Ethical Business Conduct



We are a team that demonstrates mutual respect and commitment to self-realization.

### Our way of doing business:

We treat ourselves and our colleagues with respect, fairness and integrity. The differences between us as individuals are a human and business advantage in the group that we comprise. We aspire to attract the best talent, to develop and appreciate the contribution of each of us to our joint success.

### With hand on heart

- A safe and healthy work environment is the responsibility of each of us.
- A look, word or touch that is offensive, harassing or insulting, whether on ethnic, class, gender or other grounds is not our way. If we witness such behavior, we will take steps to prevent it.
- We will strive to prevent sexual harassment and enable anonymous reporting without fear to the person in the company responsible for its prevention.
- We will strictly adhere to the dress code at work with the aim of promoting a respectful and representative atmosphere and business conduct, which reflects excellent service and takes into consideration the human mosaic of the company's employees.
- We will act to integrate employees with special needs and be attentive to their needs.
- We will honor agreements between employees and the company and between the union and the management.
- We will maintain open and courteous communication of which listening and dialog are the central elements.
- We will encourage and promote the personal and professional development of others and ensure constant professional competence.
- We will create an effective and fruitful work space that allows striving for desired results, providing the assistance, resources, coaching and control required.

- We will make only professional-pertinent use of personal information of others, ensuring the privacy of the individual.
- We will use the professional fruits and achievements of our fellow workers, giving credit where credit is due.
- The fruits of any success should be shared by those who shared in its achievement.
- We consider the balance between home and work a value that must be promoted and avoid situations that regularly upset this balance over time.
- Ending the employment of an employee should be appropriate and respectful, and where necessary, with assistance for the employee's continued personal and professional success.





Service – We are committed to customer satisfaction and will strive to make every meeting with our customers an “above and beyond” experience.

### **Our way of doing business:**

We strive to be the preferred choice of our customers, a choice based on quality, value and service of the highest standard for our customers.

Our relations with our customers are long term, based on respect, integrity, professionalism and mutual trust. The wellbeing of the customer and an immediate response to his needs are at the core of our business activities and actions.

We are business leaders thanks to the innovation, quality and service we provide for our customers, and we will not abuse any lack of understanding on their part.

### **With hand on heart**

- We will make sure to constantly maintain the “professional competence” of the service providers.
- We will respect every customer and address their needs as a customer, out of true care and commitment to them.
- The services and products that we sell are designed for the customer’s benefit and we will do our utmost to prevent physical, mental or moral harm to our customers.
- Every customer enquiry will be given a rapid, courteous and professional response.
- We will provide relevant, accurate and truthful information about our products / services or related to offers made by our competition.
- Personal / business information disclosed to us by our customers is a statement of trust in us. We will not betray that trust and will not allow such information to reach others without the customer’s consent.
- We will be sensitive to the beliefs, views, values and customs of our customers and will act accordingly.
- Customer complaints are an opportunity for us to improve and learn and we will, therefore, treat them with the appropriate seriousness.



We strive to create maximum value for our shareholders over time.

### **Our way of doing business:**

The investment of shareholders in the company is a sign of respect and belief in each of us, and we will work to enhance it over time while safeguarding the interests of the company.

Our actions as a business company are supported by two central pillars: The duty of fidelity and the duty of proper disclosure.

### **With hand on heart**

- We are committed to increasing the value of the company's financial and material assets, goodwill and intellectual property, and protecting them against any damage, theft or loss.
- We will act in an appropriate manner for our status in society and protect the Company's image in non-work related settings as well, if such conduct is detrimental to Bezeq's reputation.
- The company's resources will be used only to promote its goals.
- The information (business, technological or other) in the company, including information disclosed to us by or about suppliers and customers, is an important and vital asset. Such information is confidential, and we will not pass it on to any third party without consent.
- We are committed to providing our shareholders with complete, accurate and relevant information to enable them to make educated business decisions.
- We will not use insider information for any direct or indirect personal preference or personal gain.
- We will avoid conflict of interest situations vis-à-vis the company, and if such a situation is unavoidable, we will give advance warning and act according to the company's instructions.
- Accepting gifts / material benefits from any of the stakeholders (customers, vendors, employees and/or managers, etc.) may create a situation of conflict of interest or the appearance of a conflict and we will therefore avoid it.
- Our undertaking to handle company information properly continues even after our employment in the company has ended and we will therefore avoid it.



## 2.4 | OUR BUSINESS PARTNERS AND US:

For us, fair cooperation with other business companies is an important component of what we do.

### **Our way of doing business:**

We strive to set up and enrich cooperative ventures with various business partners, such as dealers, distributors, suppliers and subcontractors, as an important part of a constant process of improving the readiness in a competitive market, and to create added value for our customers and shareholders.

### **With hand on heart**

- When discussing joint business ventures, we will relate to ethical aspects as well.
- We will not use others to do what we believe we should not do ourselves.
- Business engagements such as purchasing agreements, choosing a consultant, etc., will always be based on fair and relevant criteria (professionalism, price, quality, etc.).
- Valuable gifts from our business partners will not be accepted.
- When we bring gifts to our potential or actual business partners, it will be done openly so as not to be seen or perceived as “under the table”.
- As a rule, we will fulfill our obligations fully and on time.
- Even in cases where we can legally withdraw from agreements, we will act practically and fairly.
- We will refrain from business cooperation with entities who could besmirch the company’s good name.



## 2.5 | OUR COMPETITION AND US:

We compete fiercely and energetically, but always fairly.

### **Our way of doing business:**

We welcome competition, because for us it is an ongoing challenge that enables us to be at our professional, creative and innovative best, so as to provide our customers with the best.

### **With hand on heart**

- Integrity and fairness are constantly on our mind when relating to the products and services of our competitors.
- We strive to lead the market through the quality of the products and services that we provide, while upholding the rules of fair competition.
- We will be fair in collecting information and will conduct ourselves according to the provisions of the law and company procedures.
- Free competition gives real value to Israeli society and we will, therefore, ensure compliance with state mechanisms designed to regulate and promote competition.





We admire and are committed to the community and environment in which we operate.

### **Our way of doing business:**

We come from all strata of the community and from the environment and its rich landscapes, and that is where we work. Our business provides communication services that we develop, improving the wellbeing of the community and the quality of all our lives. We encourage these activities also outside the realm of business and working hours.

### **With hand on heart**

- The health and safety of the community and environment in which we operate are always a top priority in our activities, and therefore, we go above and beyond the requirements of the law.
- We consider corporate responsibility as well as involvement in and contribution to the community core values, which we put into practice by means of donations, volunteering, and true partnerships with social and other organizations.
- When planning new projects, we take the social and environmental implications into account.
- We see quality of the environment as a social value and strive to safeguard and nurture it. In situations where damage to that quality is unavoidable, we will act to minimize it.
- We avoid conflict of interest situations that could arise between Bezeq and the organizations in which we volunteer.
- Every employee has the right to a political opinion. However, political activity is prohibited during work hours and the company cannot be used as a tool for promoting political goals.
- The company will not accept any behavior or statement, including on social networks, that is likely to harm the country or its values, social order, human dignity, public safety, or Bezeq's value as an Israeli public company (for information, see Chapter C – Social Networking Policy).

## 3. CHAPTER C – SOCIAL NETWORKING

### Our Way of Doing Business on Social Media

The social media (Facebook, WhatsApp, Twitter, etc.) have become an integral part of our digital lives and for us they represent fascinating opportunities along with new challenges, both as private users and as company employees. This change requires us to rethink and understand the significance of every “tweet” and adapt our behavior to a world that lives and breathes social networks.

#### 3.1 | We as private individuals

Bezeq’s Code of Ethics dedicates a chapter to our values and norms of conduct as individuals (“among ourselves”), and sets the bar for proper conduct.

When we use social media, we will behave (beyond keeping the law) out of mutual respect, we will hold respectful dialog, we will use appropriate language, we will protect the privacy of the individual and act out of thought and responsibility to the contents which we share and the places they are likely to reach.

#### When you use social media:

- Hold a fruitful and participating dialog that displays respect towards other web users.
- Hold conversations without ranting, avoiding verbal abuse, and conduct in good spirit.
- Respect the privacy of others – avoid posting photos/videos of a person without their permission.
- Your privacy is also important, so protect it to the extent that suits you, but protect the privacy of your conversational partners even more strictly.
- If you have made an error, apologize and correct it.
- Devote thought to the contents that you post – they remain exposed on the network over time.

#### 3.2 | We as company employees

When we use social media and are identified in some way as Bezeq employees, additional principals apply to us, because even if unintentionally, we are perceived as representatives of the Company.

- Keep sensitive information confidential (business, technological, marketing and sales information, information related to work processes, or personal information about customers/coworkers, etc.)
- Make sure not to share photographs from inside Bezeq facilities. If you wish to upload photos of the Company, first consult your department and division director.
- Refrain from using Bezeq’s logo or trademarks. They are only permitted by authorized parties in the Company and those requested on their behalf.
- For non-work related subjects, make sure to use your personal email address and not the one received from Bezeq.
- Respect the names of colleagues and competitors and avoid harm and defamation.



- If a professional question is referred to you regarding Bezeq, forward it to the authorized entities in the Company (the Company Spokesperson's Office or the Social Media Staff in the Private Division).
- If you encounter significant information about Bezeq on social media, the relevant entities in the Company (the Company Spokesperson's Office or the Social Media Staff in the Private Division) must be notified. Even if it is slander, do not get involved.
- If you decide to respond to an issue related to Bezeq's field of business, identify yourselves as Bezeq employees and make sure to indicate clearly that you are expressing your personal opinion only and that you do not represent the Company's position.
- Bezeq is an Israeli company and we are proud of it! Expressing support for any enemy or terror organizations is prohibited.
- If you have any criticism against the Company, it is important to clarify such inside the Company and not on the web.
- If you have ended your employment at Bezeq, remember that Bezeq was once your home and your colleagues should be respected.

### **3.3 | Are you considering adding staff members / managers to your group on networks?**

Joint activity of employees and managers on the web may assist in reinforcing and deepening work relationships, but at the same time might also cause tension / unpleasantness:

- If you wish to add employees from your team as friends, especially if you are managers, think first whether it is appropriate and correct and whether it will embarrass the employee.
- On the web, every person has their own desires and a different level of willingness to hold a dialog. Respect this.
- Avoid abusing information which employees and managers post on the social network as private individuals.

## 4. CHAPTER D – REPORTING UNETHICAL CONDUCT

- 4.1 | Bezeq seeks to encourage a culture of dialog and consultation (of colleagues or managers) when faced with events or decision that have ethical aspects.
- 4.2 | In cases where you feel uncomfortable consulting direct managers or colleagues, or such consultation takes place but is awkward, you can and should contact the company's ethics officer, internal auditor or chairman of the Audit Committee of the Board of Directors directly.
- 4.3 | If you encounter a situation where the Code of Ethics is violated (or the law is broken), or you learn of such violation after it has occurred, it is your duty to report it. Here too, you can approach your direct managers, the ethics officer, internal audit chairman of the Audit Committee of the Board of Directors.
- 4.4 | Your request to consult with or report to Bezeq's ethics officer, whether by phone, in writing or in another way, may be made anonymously.
- 4.5 | All requests will be dealt with discreetly, maintaining confidentiality and immunity to the broadest extent.
- 4.6 | Bezeq prohibits and will do everything in its power to prevent harm of any kind to an employee who reports unethical conduct in good faith.

## 5. CHAPTER E – DO THE RIGHT THING

A decision on a business action that has ethical implications is never easy and could impact all six of the company's interest groups (employees, customers, shareholders, business partners, competitors and community).

Are you at a decision juncture? Are you not sure what is the right thing to do? The answer could be found in the following six questions (and mainly the answers given to them):

### **"20/20 vision"**

1. Is your action in keeping with Our Way of Doing Business?
2. Even when you are in the other party's shoes, will you think this decision is fair?
3. Will you feel comfortable describing the action at a team / management meeting?
4. Would you want your decision reported in the media, when you are identified as the person who made the decision?
5. Would your action be perceived as proper by each of the six interest groups?
6. Will you feel comfortable looking at yourself in the mirror?

## 6. CHAPTER F – APPLICATION, INTEGRATION AND CONTROL POLICY

- 6.1 | Bezeq's VP of Human Resources is the ethics officer and fulfills that role with the help of a committee of fellow VPs and through company managers.
- 6.2 | His responsibilities include instruction, publicity, control, enforcement, reporting, revision of the Code of Ethics (where circumstances require it), and constantly striving to improve the ethical performance of the company.
- 6.3 | Together with activities inside the organization, Bezeq will work to promote awareness among all interested parties in the company, of its business-ethical responsibility.

Bezeq will take into account the ethical parameters that reflect the conduct of the employee when discussing appointment to leading positions and will show a clear preference for those who demonstrate integrity and loyalty to our values and create an ethical atmosphere around them which has a positive effect on the behavior of other employees.

## Dear Company Employees,

The responsibility to implement and integrate the ethics of Our Way of Doing Business, means openness to a “green” business environment and integration of its values alongside the mechanism of action.

As someone who led building of the model and perception of the Company’s business, I consider all ranks in the Company, from technicians and service representatives to senior managers, the leading force and the bearers of personal responsibility. Ethical conduct will be upheld by each and every one of us, based on the principles of Our Way of Doing Business, which will lead to creation of business value for the Company.

As Company employees, if you encounter behavior that you believe is unethical, please present it to the division manager in charge of you. If their answer is insufficient, you have the right to contact the Ethics Committee headed by the Company’s VP of Human Resources, which deals with ethical dilemmas raised in the Company. The forum does not deal with violations of Company procedures or disciplinary offenses, which are the minimum binding every Company employee and are discussed within the Company’s disciplinary mechanism.

Together we will lead Our Way of Doing Business.

Sincerely,



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**Ehud Mezuman**

VP of Human Resources