



# Our Way of Doing Business

Bezeq's Code of Business Ethics

DECEMBER 2016



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# 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” – the practical ideal of the right and good 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 ethical identity card – 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.

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## 1.4 | Five principles of practice

In a world of changing cultures, companies that rise and fall, services and products that appear and disappear, at Bezeq we have established five principles of practice. They are constant and immutable, since they express the very essence of Our Way of Doing Business:



### 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.



### Respect others

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



### Integrity

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



### 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.



### Equality

We believe in equality and non-discrimination based on gender, religion or ethnicity.

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



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

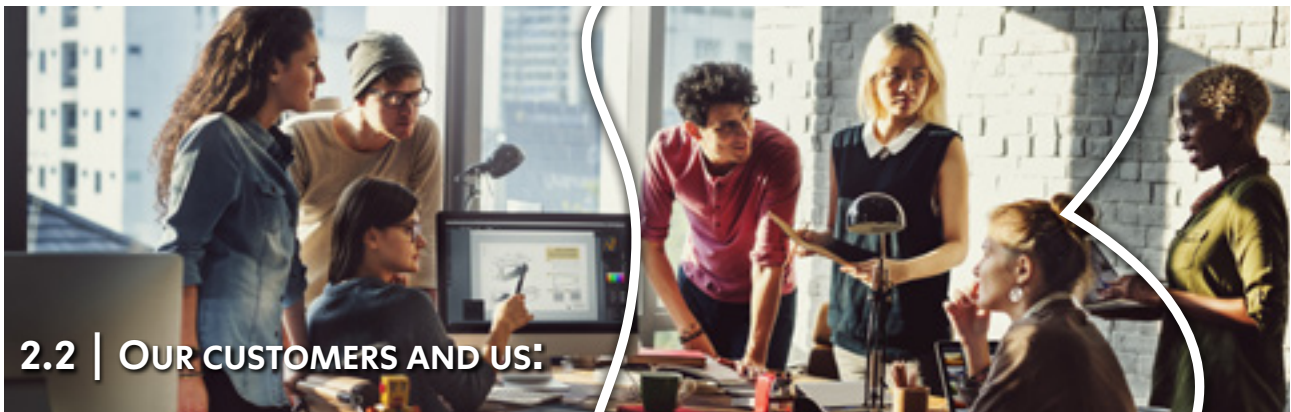
The **B** way :

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 people, 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 glare, 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 respect and be attentive to employees with special needs.
- We will mutually honor agreements between employees and the company and between the union and the management.
- We will maintain open and courteous communication in which listening and dialog are the central element.
- We will enable and promote the personal and professional development of others.
- We will delegate authority to whoever is able to achieve the 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 refrain from situations that regularly upset the balance between work and the personal life of the employee.
- 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.

The **B** way :

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

Our relations with our customers are long term, based on respect, integrity, professionalism and mutual trust. The good 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 respect every customer and address their needs as a customer.
- 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 accurate and true 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 strive to create maximum value for our shareholders over time.

The **8** way :

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.
- 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 inside 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.
- Our undertaking to handle company information properly survives even after our employment in the company has ended.



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

The **8** way :

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.





We compete fiercely and energetically, but always fairly.

The **8** way :

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 in our sights 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.



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

The **8** way :

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 and involvement in and contributing to the community core values, which we put into practice by means of donations, employees who volunteer their time, 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 harm the country or its values, social order, human dignity, public safety, or Bezeq's value as an Israeli public company.

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## 3. Chapter C – Reporting Unethical Conduct

- 3.1 | Bezeq seeks to encourage a culture of dialog and consultation (with subordinates, colleagues or managers) when faced with events or decision that have ethical aspects.
- 3.2 | 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 directly.
- 3.3 | 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 or the ethics officer.
- 3.4 | All requests will be dealt with discreetly, maintaining confidentiality and immunity to the broadest extent. .
- 3.5 | All requests will be dealt with discreetly, maintaining confidentiality and immunity to the broadest extent.
- 3.6 | 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.

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## 4. Chapter D – 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).

When such decisions are made, we must consider whether it is the right thing to do. The answer could be found in the following six questions:

### **“6/6 VISION”**

1. Is your action in keeping with Our Way of Doing Business?
2. Is your decision loyal to Bezeq?
3. Will you feel comfortable describing your action at a team / management meeting?
4. Would you want your decision / action reported in the media?
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?

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## 5. Chapter E – Application, Integration and Control Policy

- 5.1 | Bezeq's VP Human Resources is the ethics officer and he fulfills that role with the help of a committee of fellow VPs and through company managers.
- 5.2 | 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.
- 5.3 | 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 extent of the ethics of an employee when discussing appointment to leading positions and will show a clear preference for those who demonstrate integrity and loyalty and who create an ethical atmosphere around them which has a positive effect on the behavior of other employees.