



The Paz Code of Ethics

A Guide to Ethical Behavior – Paz Oil Company, Ltd.

In accordance with Paz's spirit and values,

The company will conduct business while acting legally, morally and ethically at all times.

Management has faith in the loyalty, motivation, talents and responsibility of its employees. Paz expects its employees to act with the greatest possible integrity and to avoid any conflicts of interest between themselves and the company.

Paz will encourage and nurture initiative, responsibility, excellence and company loyalty among its executives and employees, while developing its human resources, team spirit and a cooperative approach. Management is sensitive to its employees' working conditions and to their need to be treated with respect. It will avoid and prevent ethnic, religious or gender discrimination, and will make every effort to preserve its workers' health and safety.

Paz wants to contribute to the community in which it operates, and contributes some of its financial and human resources toward this goal.

This Code of Ethics aims to set down rules of conduct in the following areas:

- ✓ Cooperation, fair play, and professional integrity among company employees
- ✓ Preventing conflicts of interest
- ✓ Forbidding the exploitation of corporate opportunities
- ✓ Maintaining proper corporate records
- ✓ Preserving confidentiality
- ✓ Protecting company assets and ensuring their proper use
- ✓ Treating customers and suppliers fairly
- ✓ Reporting unethical behavior

1. Fair, honest, and professional cooperation among company employees

The company's executives and employees must treat each other fairly and respectfully, and always preserve one another's dignity.

One must share credit and compliments with others as warranted, avoid publicly criticizing one another, and encourage an atmosphere of openness, cooperation and consultation. The relationships between company employees must be based on high standards of respect and consideration.



The company ascribes the highest importance to preserving and promoting good working relationships among company employees.

Work relationships between company employees must be based on the broadest possible professional cooperation so as to advance the company's goals. This includes, but isn't limited to: sharing professional information with colleagues; helping colleagues who encounter work-related problems, and preserving a proper and pleasant work environment. Company employees are to act with honesty, fairness and professionalism toward their colleagues. Employees will be hired and promoted solely on the basis of their personal abilities and performance.

The company unequivocally and unconditionally rejects discrimination based on race, ethnic origin, religion, gender, personal status, parenthood, age, sexual preferences, or disabilities. The company believes that a diverse workforce is a significant factor in the company's success, and the company is totally committed to providing equal opportunities.

2. Preventing conflicts of interest

Company employees are forbidden to engage in any activity liable to create a conflict of interests or a suspicion of a conflict between the interests of the company and the employee's personal interests. Similarly, one must avoid any situation that could lead one to neglect his duties or his obligations and responsibilities to his job or to the company .

The following actions are liable to raise suspicions of a conflict of interest:

- ✓ An employee pushes to have the company doing business with his relatives or friends.
- ✓ An employee works for a competitor or acts as a consultant for a competitor or as a board member of a competitor.
- ✓ An employee has a financial or other interest in a firm that is a supplier, customer or competitor of the company.
- ✓ An employee competes with the company or plans to compete with it while still employed by the company.
- ✓ Conflicts of interest may also arise if a company employee or a relative of his receives inappropriate personal benefits from a supplier or a customer, such as gifts, hospitality, invitations to events, etc.

Company regulations require an employee to report to his immediate superior any offer of a gift worth more than NIS 150 and receive the superior's authorization to accept it. In general, it is forbidden to ask a supplier or customer for a gift or benefit.

An employee is required to refrain from doing any business, directly or indirectly, with customers, suppliers or competitors of the company outside the framework of his job. It is forbidden for a company executive to exploit his executive position to offer improper personal benefits to an employee, another executive, or an associate.

Conflicts of interest are liable to arise in a variety of situations. Since it isn't possible to account for every possible circumstance in which a conflict of interests might occur, all employees must be aware of and sensitive to this important issue.



Any employee who encounters a conflict of interests or suspicion of conflict of interests, whether the conflict is between the company's interests and his own, or between his interests and that of another employee, must immediately report the situation to his immediate superior or to the employee designated for this purpose in accordance with the detailed guidelines in Section 8 of this Code of Ethics.

Often conflicts of interest are vague and not definitive. That is why if any doubt arises, it is advised to be stringent and consult with one's superiors or the employee responsible for implementing the Code of Ethics

3. Ban on exploiting corporate business opportunities

An employee or executive may not exploit for his own personal purpose any business opportunity he becomes aware of in the context of his work, and may not compete with the company in any way

Company employees are required to disclose to the company all information and submit any document relating to the company's interests that they obtain as a result of their position or status in the company, and which could be reasonably assumed to interest the company in terms of expanding its operations or developing its businesses.

4. Maintaining proper corporate records

Paz will manage all the company's books, reports, declarations and financial records in accordance with the law and in keeping with the requirements of its internal control systems .

5. Keeping information confidential

Company employees must keep in confidence any information that comes their way in the course of their jobs, whether the source of the information is from within the company or from the company's customers or suppliers .

Confidential information is any information the company has that is not public knowledge and which, if it were disclosed, could directly or indirectly help our competitors, or do harm to the company, its customers, or its suppliers .

The company has an information security system in place that monitors both computerized and printed information, and company employees are expected to follow company directives, to preserve the compartmentalization of information and to access computerized information solely in accordance with the clearances they receive from their superiors for the purpose of performing their duties .

An employee is not permitted to provide information about the company to anyone outside the company, including to media outlets, discussion groups, chat rooms and Internet forums, unless he has been authorized to do so. Within the company, confidential information should be passed only to authorized officials. In any case, any query from a journalist must be referred to the company spokesperson to determine how the company should respond. Only the company spokesperson or other authorized official is permitted to give information to the media .



6. Protecting company assets and ensuring their proper use

Employees are expected to take care of company assets and make proper use of them solely for the company's benefit.

The use of company property and its product inventory will be used by employees solely for the purpose of performing their duties and advancing the goals of the company. Employees and managers will cooperate in protecting company property in its installations, factories and gas stations, and will help as needed to register equipment, count it, and keep it sound .

Company-supplied equipment that is also used for personal business, such as computers, the Internet, cell phones and company cars, must be used in accordance with company guidelines. The company reserves the right to monitor the use of any equipment it puts at the employee's disposal, as permitted by law.

7. Treating customers and suppliers fairly

The company, its executives and its employees will deal with the company's customers and suppliers fairly, courteously, reasonably and in good faith.

8. Encouraging ethical behavior and reporting any deviations

The company, its executives and its employees are committed to ethical behavior as outlined in this Code of Ethics. The company has appointed the human resources manager to be responsible for implementing the Code of Ethics and assimilating it throughout the company .

An employee who believes that he or another worker has violated or is liable to violate any section of this Code, or who discovers a violation of the Code after the fact, is to immediately report this to his immediate superior or to the appropriate company official, as per the circumstances. If there is any doubt regarding the proper route an employee should pursue in a specific instance, he must consult with his superiors or with the human resources manager, as per the circumstances.

If an employee has any doubts about whether his report of an ethical violation was handled properly, he is permitted to contact the CEO and/or the company controller.

Company policy forbids taking any retaliatory measures against an employee who makes a good-faith report about unethical behavior. All conversations and written communications, whether printed or electronic, will be handled discretely. The company and the board of directors are committed to protecting any company employee from retaliatory action under the circumstances described above .

We at Paz are confident that upholding this code of ethical behavior in our workplace will help generate a pleasant work atmosphere, economic success, and security for all of us.