

CODE OF ETHICS

AVGOL INDUSTRIES (1953) LTD.

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1. Letter from the Chief Executive Officer

Dear Employees,

Attached is Avgol's Code of Ethics.

This code provides each of us with guidance and instruction as to how we should conduct ourselves in situations that may pose a dilemma.

Each of us is an ambassador of Avgol, both at the workplace and elsewhere. Therefore, our diligence about appropriate and respectable conduct, ethics, fairness and transparency strengthens Avgol as a company.

Any situation potentially offers either net profit to Avgol earned through appropriate conduct, or a poor impression, which adversely affects the Company's reputation and our reputation, as Avgol employees.

Our primary commitment as a company is that of honesty and fairness towards employees, business partners and the entire community.

This Code of Ethics applies to every person working in the Company, including employees, officeholders and directors.

We expect you to adapt your conduct and decisions to strictly conform to these principles. If you face any dilemma or have any question, please refer to your supervisor, following the procedures presented in this document.

I would like to take this opportunity to thank you for your contribution to the success of our company. We are proud of what we have achieved. Therefore, we will adopt this Code of Ethics and conduct ourselves according to its values, in support of our efforts to be leaders both in our standards of service and in our integrity and fairness.

Sincerely yours,

Shlomo Liran – C.E.O.

Avgol Industries (1953) Ltd.

2. Doing the right things for the right reasons

The manual protecting you and protecting Avgol

Here you will find the main rules that are binding upon Avgol, its employees, managers and members of the board of directors, and the moral and ethical rules constituting Avgol's core values.

The Code of Ethics provides each of us with information that enables us to choose the correct path and refers us to professional assistance in implementing the Code of Ethics as authorized by the supervisor.

The objective is to formulate principles of action, principles of conduct and rules of proper governance, which derive from the values at the fundamental core of the Company's existence and outlook.

The Company shall exert its best efforts to fulfill the objectives for which it was founded, and shall choose the methods and means that epitomize the Company's spirit and principles.

Application of the Code of Ethics

The Code of Ethics applies to employees of Avgol (and its subsidiaries) as well as to its business partners.

Each of us is obligated

Avgol has grown thanks to the professionalism of its employees, and thanks to the integrity and trustworthiness of its people in their interrelations, towards the Company, our shareholders, customers, business partners, suppliers and towards the entire community. All of us are obligated to cultivate these strengths.

Personal and managerial responsibility

Each of us – employees, managers and directors – has a personal responsibility to conform to the laws and regulations and code of ethics. Anyone who manages employees also has the responsibility of being a personal example of compliance with the rules, as well as the obligation of not ordering others to conduct themselves in an illegal or unethical manner.

The Company's employees and managers are expected to conform to high moral and ethical standards, and to always conduct themselves with honesty, integrity and fairness, as well as with responsibility, devotion and utmost professionalism. The Company places a great deal of trust in its employees and managers that they will abide by the law, avoid the appearance of inappropriate actions, and maintain high standards of conduct.

Avgol can count on us ...

That we will be alert and diligently abide by the Code of Ethics in all of our actions. Concurrently, we will report mistakes, errors and defects that we encounter, or that we created by mistake, so that the Company can rectify them and their consequences and learn how to avoid them in the future.

2.a. Equal opportunity

What does the law say?

The Equal Opportunity in the Workplace Act, 5748 - 1998, prescribes that: no employee shall be discriminated against on account of his gender, sexual orientation, personal status, parental status, age, race, religion, ethnicity, country of origin, views, political party or the duration of his military reserve duty.

The law prescribes that no discrimination shall be tolerated in relation to hiring, employment conditions, promotions, professional training or continuing professional education, in relation to dismissals or benefits and payments given to employees.

Avgol's commitment

- Avgol is committed to recruit high-quality professional employees, in compliance with Company procedures.
- Hiring decisions in the Company shall be based solely on achievements, experience, training, employment history and the general suitability of each candidate personally.
- The hiring of employees who are immediate family members requires the C.E.O.'s approval (or the approval of the board of directors, if at issue is an officeholder).
- Avgol promises that every employee shall be treated fairly, respectfully and equally.
- Avgol promises that Company employees will be promoted solely on the basis of professional considerations.

Obligation to report and handle a romantic relationship between a manager and a subordinate

A manager must report to the HR manager about the beginning of any romantic relationship with a subordinate (direct or indirect) so that the administration will help one of the two to find an alternate position.

2.b. Our environment

Preserving environmental quality is important to our health and to maintaining our quality of life.

All employees are required to strictly comply with the rules and regulations addressing the preservation of environmental quality, and to require each of their subordinates, including contractors, to abide by these laws.

Among the environmental quality issues:

- Hazardous substances – substances detrimental to the environment are used in some of our work processes – we must strictly comply with the laws, be diligent about isolating these substances, closing containers at the end of use and storing them in a closed location;

- Air pollution – smoke, gas, vapors, dust, smoking and cigarettes;
- Noise hazards;
- Handling of waste – we must be diligent about isolating toxic waste (such as batteries), paper recycling, etc.

2.c. Health and safety

What does the law say?

The Occupational Safety Ordinance, the Labor Inspection (Organization) Act and the various safety regulations prescribe the overall safety framework and the safety requirements for the various occupations, the aim being to prevent injuries to employees.

A safe and healthy work environment ensures the health and peace of mind of each of us, minimizes injuries, casualties and damage to the Company's property. We are all responsible for developing a corporate culture that nurtures and fosters safety and a safe and healthy work environment, and we all benefit from its advantages.

The objective of the field of occupational safety is to create a safe and accident-free work environment, while identifying risks and safety hazards, with the aim of preventing physical injuries to the Company's employees, its business partners and suppliers at its various facilities.

A corporate culture that promotes safety is based on a number of principles, which together constitute the Company's safety policy:

- The managers' responsibility for safety in their units and in the spheres of their authority;
- The employees' personal obligation towards their own safety and safety in their work environment;
- The performance of proactive and preventive safety operations;
- The management of command and control processes over safety risks;
- The management of processes for the identification, reporting and handling of safety hazards and risks.

If you have questions or wish to report about topics relating to safety/environmental hazards, please refer to: **the safety manager at each site.**

2.d. Smoking in the Company's facilities

What does the law say?

The Restriction of Smoking in Public Places Act, 5743 – 1983, prescribes that no smoking is allowed in the workplace, other than in a defined smoking area.

In conformity with the law, Avgol prohibits smoking in its facilities, other than in places expressly defined as smoking areas. Therefore, it is absolutely forbidden to smoke anywhere in the Company, except in designated smoking corners.

Smoking is also strictly forbidden in personal offices or anywhere else – even if no one objects to it.

As part of maintaining a safe and healthy work environment, the Company will not tolerate any use, possession, purchasing, production, selling or distribution of illegal drugs of any kind whatsoever by any employee, or of any substances prohibited by law, either when the employees are at the workplace or while on duty outside of the workplace. If an employee is accused of a drug-related criminal offense allegedly committed in the workplace or while performing his job for the Company, such employee must report the incident to his direct supervisor immediately upon the filing of the indictment.

Disciplinary actions, including dismissal, shall be taken against any employee who breaches the Company policy on the subject of prohibited substances and fails to report the incident as described above.

3. Proper conduct

3.a. Policy for the prevention of harassment

The Company's policy is to provide and sustain a work environment that is free of any kind of harassment, including harassment based on race, color, gender, sexual preference, age, national origin, handicaps or military record. Such harassment encompasses sexual harassment and other types of harassment of employees on the part of managers, supervisors, coworkers, customers, suppliers or any other business people with whom the Company does business.

The Company's definition of harassment includes verbal abuse, such as derogatory remarks, even if they are not directly addressed to the intended target, but are voices within his earshot. Harassment may include words, gestures, insulting jokes, caricatures, pictures, advertisements, jokes via e-mail, expressions, pranks, threats, physical assault or physical contact.

The Company protects its employees by opposing any kind of unfair treatment or retaliation against any person who, in good faith, files a complaint of harassment. The Company promises that the employment of any person who, in good faith, reports harassment or unfair treatment, will not be adversely affected.

One of the Company's supreme principles is to provide a safe environment for its employees. Therefore, the Company will not tolerate any kind of overt or covert threats of violence, including physical violence, intimidation, harassment or coercion.

3.b. Employee relations

Avgol goods are produced and delivered under conditions that do not involve the intimidation, abuse or exploitation of other people. Avgol pays fair wages and benefits based on local customs and regulations. Avgol actively work toward the eradication of unfair or discriminatory practices, should they occur.

3.c. Respect for human rights

Avgol obliged to respect fundamental human rights, of its employees and in each sphere of influence. Avgol declared that no form of child labor or forced or compulsory labor is accepted

3.d. Prevention and handling of sexual harassment

What does the law say?

The Law for the Prevention of Sexual Harassment, 5758 – 1988 prescribes that: no person shall sexually harass another or subject him to unfair treatment. Employers are obligated to handle every case, and to take reasonable measures to prevent sexual harassment or unfair treatment within the scope of labor relations, by their employees or by any person given authority on the employer's behalf, even if not an employee.

Sexual harassment violates a person's dignity, freedom, privacy and right to equality.

Treating a person like a sexual object, is, among other things, demeaning, and offends a person's dignity.

Incidents of sexual harassment are grave phenomena: derogatory remarks, offensive comments, jokes and gestures might be perceived as harassment, even if they were not intended to be such.

What is sexual harassment?

Sexual harassment is any one of the following actions:

- Extortion by threat, when the act demanded is of a sexual nature;
- Indecent acts;
- Repeated propositions of a sexual nature;
- Repeated references that focus on a person's sexuality;
- Any humiliating or disparaging reference to a person's sex or sexuality, including his or her sexual orientation;
- Harassment, whether in writing and/or voiced, through a visual or audio mode, including via computer.

Harassment by an indirect/direct supervisor:

When a position of authority in labor relations at the workplace is involved – when direct or indirect relations of superior and subordinate exist between the harasser and the person being harassed, this shall be deemed sexual harassment even if the person being harassed did not voice objection. Sexual innuendos implying a threat to a person's job, wage or work load are deemed sexual harassment.

There are three avenues available to a person who has been subjected to sexual harassment, all of which may be pursued:

1. Submitting a grievance to the employer

An employee is entitled to complain to the grievance officer about incidents of harassment and request an inquiry.

The employer is required to conduct an inquiry of the grievance without delay.

While the inquiry is being conducted, the employer must protect the complainant from any form of retaliation due to the filing of the grievance.

2. Criminal proceeding

The victim can file a complaint with the police.

3. Civil proceeding

The victim can personally lodge a suit with the labor court against the harasser or the offender within three years.

Sexual harassment is illegal. If you feel that you are being sexually harassed or discriminated against on the basis of your sex, you must clearly say to the person harassing you that his/her behavior is offensive and inappropriate and that you will take measures if he/she does not immediately cease and desist. Concurrently, refer to the HR manager in charge of grievances of sexual harassment in the Company.

Preventing and handling incidents of sexual harassment is of paramount importance to Avgol. Sexual harassment and unfair treatment are harmful to labor relations and are deemed violations of Company policy.

Avgol's Management and the HR manager promise to thoroughly and efficiently investigate every grievance, while protecting the dignity, privacy and job security of those involved to the utmost.

Company employees are asked to immediately report any harassment or mistreatment to the HR manager, to encourage other employees to report if they are being mistreated, or to report on their behalf, and to do everything possible to prevent incidents of harassment.

The Company will institute severe disciplinary measures against employees and managers, who have evidently harassed or mistreated their subordinates or coworkers, including dismissals, regardless of rank.

Remember! No one can threaten your job because you have complained about sexual harassment.

The officer in charge of handling grievances of sexual harassment in the Company: **the HR manager at each site.**

3.e. Attendance reports

- It is compulsory to punch the time clock daily at the beginning and end of your shift, apart from exceptional populations as defined in the procedures.

- Any employee who needs to leave work for a while during the workday for reasons unrelated to work is asked to receive authorization from his/her direct supervisor and to sign out until he/she returns to work.
- Manual punching of the time clock will only be authorized in instances when the employee is outside of the Company in order to participate in a meeting/conference/course.
- All managers are requested to approve and sign a time sheet of their employees.
- It is compulsory to report and furnish relevant authorizations for every instance of absence – vacation, illness, reserve duty, occupational accident, etc.

3.f. Appearance and attire

The appearance of each of us reflects our self-esteem, reflects our respect towards our colleagues and business partners.

As part of our corporate culture, Company employees are requested to be diligent about reporting for work appropriately attired, and with a representative, clean and orderly appearance.

Therefore, we must be meticulous about dressing modestly and not wear revealing attire; we must be considerate of the sensitivities of various populations and show respect for our position and workplace.

If you are meeting with outside sources, we expect you to be meticulous about business attire, as is customary in the business world.

In general, a respectable appearance is a basic in creating a pleasant atmosphere in our work environment and benefits all of us.

4. Interactions with interested parties and competitors

Since a critical condition to our growth is our personal attention to every person with whom we have contact, each of us is responsible for nurturing our interactions with our business partners.

We are diligent about developing our relations with the Company's suppliers and service-providers. A good relationship with them improves the Company's ability to perform. Fair treatment of our suppliers bolsters the success of the Company and benefits our customers, employees and our shareholders.

We are also meticulous about being fair with our competitors. Naturally, Avgol wants to be the market leader and increase its profits, but, while competing, we must remain fair and ensure fair business competition in our operative markets.

4.a. Preventing conflicts of interest

We must avoid taking any action that is not consistent with Avgol's interests.

Company policy obligates us to avoid situations that might lead to a conflict of interests with the Company, even ostensibly.

Conflicts of interest between the Company's activities and the interests of the shareholders should be brought to the attention of Company Management and authorization must be requested.

A "conflict of interests" exists when an individual's personal interest in some way runs contrary to the Company's interest.

A conflict of interest might arise when an employee, manager or director acts in a manner that places his personal interest over that of the Company, or when his personal interest does not enable him to perform his job objectively and efficiently, or when they or their families receive personal favors/gifts/discounts and the like for their personal benefit.

Examples of prohibited conflicts of interest:

- Competing against the Company in the purchase or sale of assets, products, services and other interests, including engaging in the Company's field of business;
- Exploiting business opportunities that arise through exploitation of our position or the Company's assets or insider information, for the purpose of reaping personal gain;
- Personal interest in a transaction in which the Company, a competitor, customer or supplier is involved, apart from interest deriving from our job in the Company;
- Receiving favors a loan or guarantee of an obligation by using our position in the Company.

Additional occupation

Employees are required to report to work on time and in a state enabling them to function with full concentration, efficiency and productivity. Employees are prohibited from engaging in employment relations with our competitors and must make sure that none of their actions harm the Company or their ability to function, that none of their actions are creating any conflicts of interest, or any professional or ethical clash, or are breaching confidentiality.

Employees are prohibited from working at another job, unless they receive prior written authorization from the Company's C.E.O. or from the HR manager.

It is prohibited to make use of any of the Company's information and/or resources for the purpose of reaping personal, financial or other gains.

It is also prohibited to exploit our positions or our connections with the Company and its employees in order to promote our private businesses, including our financial affairs, even if such action is not at the Company's expense.

4.b. Gifts and benefits – relations with suppliers

Many times potential conflicts of interest arise in relation to external suppliers. Decisions about selecting a supplier and transacting a purchase must always be business decisions that are reached purely on the basis of objective criteria and relying on practical considerations, such as comparisons of prices, quality and performance.

It is prohibited to allow any other considerations, such as personal relations, gifts, hospitality, or anything else having any direct or indirect value, to affect our decisions. The selection must be based solely on practical considerations that solely benefit the Company.

In general, employees of the Company must not accept gifts from any supplier or on behalf of any supplier, and employees must not offer them gifts, loans, nonstandard benefits, or anything having monetary value that is liable to affect particular activities or that might even be perceived as lacking integrity. Company employees or any functionary in the Company must avoid any situation giving rise to a conflict of interest or even an appearance of a conflict of interest in all activities being performed on behalf of the Company, its Management or its institutions. Employees are required to immediately report to their direct supervisors about any gift of this kind that was offered and returned to the sender.

Sometimes, questions arise about whether we are allowed to accept gifts from suppliers. Following are a few guidelines in this regard.

Nonetheless, and in order to make it perfectly clear – if we receive any benefit within the bounds of permitted gifts, or if we participate in any event sponsored by a supplier, this must never affect, or even be perceived as affecting our decisions regarding the selection of a supplier.

General guidelines

- Gifts, such as pens, pencils, calendars, flowers, candy baskets and other logo items valued at NIS 100 or less may be accepted.
- You may participate in an event being organized by a supplier, and you may even accept a token memento, if participation in such event has some business significance to Avgol.
- Employees are prohibited from accepting prizes and/or trips abroad from suppliers as part of their work with them, unless this for the Company's purposes and has been authorized by the Company C.E.O. or the HR manager.
- When a supplier sends you a modest gift, such as a gift basket for the holidays, you must share it with all staff members in your department, or send it to a charity.

- It is permitted to accept gifts from suppliers in connection with a personal occasion (wedding, childbirth), provided that the aggregate value of the gifts does not exceed the equivalent of NIS 500. Any balance exceeding this sum must be handed in to the HR Department and will be donated to the community.
- It is permitted to have a meal with a supplier within the scope of work relations. It is advisable to pay your share of the meal yourself.
- It is prohibited to accept mobile phones or any other devices from importers /suppliers.

4.c. Relations with customers

What does the law say?

The Penal Code, 5737 - 1977, prohibits inappropriate payments to public servants and to public bodies, authorities, the police and more. The law does not differentiate between bribery given in cash, cash equivalent, favor or service, and does not make any allowances due to the reason for proffering a bribe.

We earn amicable relations with our customers by supplying superior-quality products and services. We do not want our customers to engage with us as a result of having received excessive gifts and benefits.

We must be very careful with our relations with employees of government institutions/companies. Sending gifts and invitations to events to government employees may cause them to breach the strict rules applicable to all government employees in relation to these matters.

Therefore, we should check with the supervisor or legal representative of that authority before we offer any gifts or invitations to any government employee.

4.d. Irregular payments

We believe that we will be successful in our businesses and outperform our competitors based on our advantages, without needing to use any improper tactics. In any event, it is absolutely prohibited to use any unlawful means to promote the Company's businesses, including the payment of a bribe.

4.e. Prohibition of misleading information

We must be reliable and precise with customers and provide them with all information and details about our products and services that they need, in conformity with Company policy, and to safeguard the Company's trade secrets. Any intentional misleading of customers is strictly prohibited. We must also exercise great care when describing a product or service that is offered by a competitor.

5. Fair competition

What does the law say?

The Restrictive Trade Practices Act, 5748-1988, prohibits the drawing up of any arrangement that is liable to prevent or restrain business competition. The objective of the law, inter alia, is to ensure the existence of fair competition.

Therefore, we at Avgol are committed to free initiative and fair competition. The Company's businesses must be conducted solely on the basis of practical considerations and fair competition. We engage with suppliers, agents or other intermediaries solely on the basis of fair evaluation. We are legally obligated to reach business decisions, as the Company's benefit dictates, without any reliance on understandings or arrangements with competitors. Therefore, the Company and its employees must refrain from any conduct that violates, or is perceived as violating, the laws protecting competition and preventing restrictive trade practices.

5.a. Customer information

Any use of information in violation of the law is prohibited and damages our trustworthiness and our relations with our customers. Maintaining the privacy of our customers' communications is vital to our Company, both due to our statutory obligation and by virtue of the fiduciary relations existing between us and our customers.

Avgol is committed to protect the right to privacy and confidentiality of its customers and its employees. Company employees are not permitted to disclose records or documents of customers, employees, suppliers, etc.

Avgol complies with the Privacy Protection Act, which prohibits the violation of a person's privacy without his/her consent.

5.b. Full and adequate public disclosure

Avgol is a public company, whose shares are listed for trading on the Tel-Aviv Stock Exchange. The significance of this is, generally speaking, that, according to the relevant laws (including exemptions): we must be diligent about reporting to our shareholders, to potential investors and to the public at large about material information or developments concerning the Company, whether or not such information is favorable to us; and that documents that we submit to the Israeli Securities Authority are accurate and submitted in timely fashion; we are also prohibited from making use of insider information or "volunteering" insider information of any kind whatsoever.

Full, proper, accurate and timely disclosure

We must ensure that publications about material events or developments concerning Avgol are complete, adequate, accurate and clear-cut, and are widely disseminated to the public in conformity with all statutory requirements and relevant regulations.

We can help the Company achieve these objectives, inter alia, by complying with the following directives:

Be accurate! If you are responsible for preparing the Company's public reports, press releases and the like, or if you are providing information to coworkers who are taking part in this process, you must endeavor to do your best to ensure that the disclosure or the said information is complete, adequate, accurate and straightforward.

Coordinate disclosures! We have appointed a limited number of spokespeople, who are responsible for publicizing material information and for responding to material developments. If you do not belong to this group of spokespeople, you must not publicize or leak any information that is not in the public domain, or respond to questions pertaining to any material matter. In any such instance, you must refer any question addressed to you to the Management.

Keep precise records! Avgol's books and records, including the reports and financial statements that are based on these data, must accurately and adequately present all of the Company's transactions at a reasonable level of itemization. False and misleading entries in the Company's books and records are absolutely prohibited. We expect all of our employees to fully cooperate with the Company's internal and external auditors.

5.c. Reporting about disciplinary or irregular incidents

The Securities Act obligates us to report such incidents immediately, as soon as the Company becomes aware of the possibility that they might occur.

In order to comply with the reporting obligations imposed on Avgol, you must immediately report any incident or matter that might be considered to fall within the scope of events requiring reporting to your supervisor and at the earliest possible stages of such incident.

5.d. Quality of public disclosure

The Company is obligated to efficiently provide complete and accurate information, in all material aspects, about the Company's financial position and results of operations to the holders of the Company's securities. We must ensure that our reports to the relevant parties are accurate, complete and timely.

6. Safeguarding of information and confidentiality

Our employees shall not disclose information not in the public domain for the purpose of facilitating personal benefit or gain to anyone other than to the Company.

Such information includes technical data, financial data, operational data, information about customers, memos or any other information concerning the Company's businesses, its operations or its future plans. All employees must adhere to all relevant laws and Company regulations pertaining to information, which obligate employees to protect legal entities and private individuals, including employees, shareholders and customers. All employees are required to safeguard information belonging to the Company and to its business partners in strict confidentiality, and are obligated to not disclose, forward or make any use of any such information.

What is confidential information?

Broadly defined, confidential information is proprietary information that is not in the public domain. When you receive any document bearing the heading "confidential" or "secret," you can assume that it is confidential for us or for our business partner. Nonetheless, in most instances, confidential information is not tagged as such.

Am I allowed to receive information that someone wants to give me secretly?

Despite the fact that we might receive information sometimes under such circumstances, you must be very careful when someone wants to share or furnish information based on the expectation that it will be kept secret, and you must request authorization from your supervisor for this. Until you receive such authorization, do not open or read uninvited confidential information from a third party. If authorization has not been issued, you must return the information to the third party without opening it.

Examples of precautions when handling confidential information:

- Do not refer to confidential information in elevators, taxis, restaurants, at events or in any location where it is liable to be heard by others.
- Do not read (if at all, and we recommend refraining from doing so) confidential documents in public places.
- Exercise caution when using the electronic mail system, particularly when sending an e-mail that contains classified or sensitive information. For example: before sending a "classified" e-mail, verify that the intended addressee is indeed authorized to receive such classified information and double-check that you have the precise e-mail address.

7. Company property

Each of us is responsible for protecting the Company's assets and resources.

It is prohibited to use the Company's property, including work, supplies, equipment, buildings or other assets for the purpose of reaping personal gain or personal benefit, this, in any instance whereby express consent to do so has not be given. Every employee is responsible for ensuring proper use of the Company's property.

Intellectual property is a valuable asset that must be protected against unauthorized use or disclosure. Intellectual property assets include not only trade secrets, confidential information, copyrights and logos, but also customer lists, business opportunities and product specifications, whether owned by Avgol or owned by related companies or business partners.

All employees are responsible for protecting Avgol's tangible assets and intangible assets, including, but not limited to, fixed assets, cash, securities, marketing plans, information about customers and suppliers, intellectual property and business and financial documentation.

Protecting Avgol's assets encompasses protecting them against unauthorized use and preventing any use for improper or illegal purposes.

Since theft, negligence and waste also have a direct impact on the Company's profitability, we all must do our best to ensure efficient use of Avgol's assets.

All of our assets, information and equipment must be used solely for legitimate business purposes.

Avgol's property may not be sold, lent, given as a gift or disposed of in any manner whatsoever without receiving prior authorization from the Company's C.E.O.

7.a. Cell phones

Cell phones provided to employees are the property of Avgol and are authorized for use in the performance of their jobs.

Employees must be strict about complying with Company procedure that limits use of Company cell phones and accessories to the employee only. Do not give the cell phone provided to you to any third party, including to a family member.

In any instance of damage, including theft, loss, irreparable damage, the employee shall bear the costs, in accordance with the customary rules.

7.b. Company cars

When you are driving a Company car, you are not a private individual, but rather an ambassador of Avgol.

Since any car bearing the Company's logo reflects on the Company, you must abide by the following rules:

- You must abide by all laws and traffic regulations in their entirety.
- You must pay parking tickets immediately.
- You must pay traffic tickets according to the instructions of the fleet officer.
- You must be diligent about car repairs and maintenance according to the instructions – the leasing company penalizes the Company for any instance of noncompliance with car upkeep instructions; any such penalties shall be deducted from the employee's wages.
- You must report every accident involving the Company car.

- You must refrain from any confrontations on the road.
- You must be diligent about the cleanliness and appearance of the Company car.

Any person not authorized and certified by the fleet officer to drive a Company car, including Company employees who did not receive authorization and employees' family members, who drives a Company car, shall be deemed to have committed a disciplinary violation.

Employees who have been issued Company cars are allowed to let their spouses and children use the car, beyond the work needs of the car owner.

In any other instance, you must notify your direct supervisor and the fleet officer and receive authorization from the procurement manager. Furthermore, Company employees are entitled to use a Company car, but solely with the permission of the car owner. The fleet officer must also be notified.

In any instance whereby, for reasons of safety/emergency, an employee wants another driver, who is not authorized, to drive his car, this shall be allowed only if the authorized employee is present in the car.

If you have any questions about use of Company cars, please refer to the Company's fleet officer – **Chaim Levy**.

7.c. Use of computers

Computer systems – hardware, software and data – are key elements of our businesses. Therefore, they must be protected against any damage, destruction, viruses, alteration, theft, and against access or unauthorized or improper use.

Passwords and access codes for the computer systems must be strictly safeguarded according to Company policy. Employees must be diligent about using all software in conformity with the conditions of the software usage license. Illegal software may not be used. Software must not be copied for personal use at home, or copied and given to others for their use.

7.d. Use of the Internet

The Internet is used at Avgol in the performance of our particular jobs and for the purpose of promoting the Company's business objectives. Messages containing inappropriate or illegal content are not to be transmitted via the Internet in general and via Avgol's computers in particular.

The use of the enterprise computer network is intended solely for business purposes. Personal use of the network resources is prohibited.

7.e. Recordkeeping and information retention

Information is our principal asset. Avgol has rules about document retention and destruction (including e-mails). If you have any question about document retention and recordkeeping, please refer to your direct supervisor or consult with the V.P., Information Systems.

7.f. Monitoring and control operations

Operations performed on the enterprise computer network are recorded, inter alia, for control purposes and are monitored for the purpose of control and identification of information-security issues and for investigation of suspected instances of noncompliance with Company procedures/fraud /dishonesty.

Should a suspicion arise of activity in violation of the rules, the Company may block access to the enterprise network or to any other tools provided for job-related purposes (computer, cell phone), until the inquiry of the incident is concluded.

8. Obligation to report suspected breaches of Company policy

You are obligated to report any activities, which you know are inconsistent with the principles prescribes in this document, without delay.

In the event of noncompliance with the Code of Ethics as specified in this document, the Company will take measures to allocate the necessary resources to handle the matter fairly. However, employees and managers who fail to conform to this code of conduct are liable to be subject to disciplinary actions, including dismissal and/or, in cases of severe offenses, to criminal proceedings, in accordance with Company policy.

The Company encourages all employees, managers and directors to report any suspicion of misconduct immediately. The Company intends to investigate every complaint of a suspected breach of Company policy. In any case, you may choose to report suspected misconduct anonymously.

To whom do we report?

To Mr. Meir Jacobson, Chairman of the Company's Audit Committee.

Reports of breaches/suspected breaches and questions may be referred to Mr. Shachar Rachim, the Company's C.F.O., or to Mr. Abraham Zilberfeld.

9. Summary

It is clear to Avgol's Management that support, protection and physical, mental and economic safety can be assured to each of the Company's employees, to the Company as an organization and to all of our colleagues only if we all abide by the laws and rules.

Naturally, this document cannot encompass all laws, regulations and obligatory codes of conduct. Nonetheless, there is no doubt that the values, principles and procedures outlined in this Code of Ethics embody the spirit of the Company and can help us to make the right decisions.

Any amendment to the Code of Ethics will be circulated to all employees, subject to the Management's approval and mandatory reporting.

Employees who, in good faith, report any suspected breach of laws, rules or relevant regulations, whether in this Code of Ethics or in any of Avgol's other policies, or relating to issues of accounting or auditing as stated above, to our staff or to the audit committee, as the case may be, shall be protected against retaliation or any other harm as a consequence of their reports.

The responsibility is yours, regardless of your rank! You bear responsibility for your decisions and are required to implement and abide by this Code.

This Code of Ethics may be found on our website; alternatively, you may receive a hard copy from the HR department.

By internalizing this Code of Ethics, and by conducting yourselves in conformity with the values prescribed therein, you are supporting our efforts to be the leaders in our industry, both in our standards of service and in our integrity and fairness.

Sincerely,

Shlomo Liran