

## **Delek Group Ltd**

7, Giborei Israel St., P.O.B 8464  
Industrial Zone South, Netanya 42504, Israel  
Tel: 972 9 8638444, 972 9 8638555  
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www.delek-group.com



**Delek Group**

May 2011

## **CODE OF ETHICS**

### **DELEK GROUP LTD.**

#### **To our Employees and Officers:**

##### **Introduction**

Delek Group Ltd. ("Delek Group" or "the Company"), one of the largest and most dynamic public holding and investment companies in Israel, which trades on the Tel Aviv Stock Exchange, invests in Israel and around the world in such areas as energy and infrastructures, refining, gas stations, finance, insurance, and biochemistry. Its mission is to build successful leading businesses that create value for investors, customers, employees and the community.

At Delek Group, we run our business activities to the highest standards of integrity and ethics, according to the law and to the principles and directives applicable to us, and accordingly, we have initiated a written Code of Ethics, as a value conscience by which we conduct ourselves.

Delek Group believes in an ethical business culture, and that our strength and greatness lie in the integration of the concept of values with an entrepreneurial management strategy and the identification of business opportunities.

The Code of Ethics contains values, standards and rules of behavior that are binding upon the Company, its officers and its employees at all levels (in this Code and for the sake of convenience – "the Employees"), and constitutes the value and normative identification card that reflects the values of the Group and the commitment of the Employees to conduct themselves according to it.

Delek Group and the Employees operate according to all the laws and directives applicable to them, and the Code of Ethics is an additional layer that aims to provide the Company's Employees with guidance in situations where there is no clear-cut answer as to the best way to act.

This Code, which is binding upon the Company's Employees, sets the basic standards of ethics and behavior, but obviously, it cannot cover every situation. We are working to ensure that all Employees are familiar with the Code, and any violation of the Code and standards set out in it will result in disciplinary action.

The role of the Code of Ethics is to serve as a tool in decision-making, to assist in choosing the right way while exercising judgment based on the Company's value concept.

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If you are ever in doubt, you should consult your superiors, the managers, the General Counsel or another authority figure in the Company. Delek Group is committed to helping the Employees in these matters by providing information and by answering questions.

We are aware of the need for continuous assimilation of this Code among the Employees, and undertake to make changes to it from time to time, should the need arise.

When we are not sure how to act, we should ask ourselves the following questions:

1. Do I know all the facts?
2. What am I being asked to do?
3. Does what I am being asked to do seem unethical or inappropriate?
4. Are there any alternatives in this case, and if so, what are they?
5. Should I involve others in the dilemma? Should I involve my superior?
6. Should I avail myself of the company resources available to me for consultation and help?

### **Looking to the future – Opportunity – Growth**

Our core values are those that define us and our business activities. They are values that serve as a compass in our business conduct, and we are committed to acting according to them. Ambition, initiative and looking to the future are among the key qualities of the Company, thanks to the group of dedicated professional who work in it. The Company aspires to act at the highest levels in all its areas of operation, and to be an influential leader in those areas while constantly developing and improving.

### **OUR WORK ENVIRONMENT**

**We believe that a safe, non-discriminatory and non-threatening work environment shows respect and contributes to the development and success of our Company over the long term.**

#### Employee privacy

- We respect the privacy and right to privacy of our Employees, and all the information gathered about them in the Company is kept confidential.

#### Dignity and equality

- We are committed to conducting ourselves with equality towards all employees, irrespective of their race, age, gender, color, sexual orientation, ethnicity, disability, religion, political affiliation, membership in an association, or family circumstances, with regard to hiring and with regard to work procedures such as promotion, rewards, access to training, task allocation, pay, benefits, discipline, termination and retirement.
- We work to ensure that our employees work in a pleasant and dignified environment that is safe and without harassment, coercion or abuse of any kind.
- We require courtesy and respect among the Employees, and that each respect the other.

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### Health and safety

- We are committed to creating a safe work environment for all our Employees.

### Use of company assets

- We make the Company's resources and assets available to our employees and expect that they will use them appropriately. Every employee is personally responsible for using the Company's assets only for legal purposes relating to the Company and approved by the Company's management.
- We work at protecting the Company's assets and ensuring their effective use, knowing that theft, negligence and waste impact directly on the Company's profitability.
- Our Employees are required to keep confidential the information owned by the Company, including intellectual property such as commercial secrets, patents, trademarks and copyright, as well as business plans, marketing and service plans, engineering and production ideas, drawings, data banks, records, information about salaries and any financial data, financial statements, immediate reports and press releases before their publication.
- We instruct our Employees to report immediately on any incident that arouses suspicion of fraud or theft, so that it can be investigated.
- We refrain from using Company property, information owned by the Company, or our position, to generate personal profit, including profit for a relative, in an inappropriate manner.
- Every Company employee is required to preserve the Company's assets and resources and to use them appropriately.
- Our employees are required to report accurately and reliably on their work hours.
- We take care to ensure that our business expenses are justified and are documented in accordance with procedures.
- We forbid our Employees from using property, position, information and/or assets owned by the Company for the promotion of personal goals and opportunities, unless approved by the Board of Directors.

### Use of inside information

- We take care to maintain the confidentiality of inside information of the Company on any topic and matter not known to the public, including financial results, managerial and strategic decisions, information about the development of the Company, of a change in its situation, or a development or change foreseen in it or in its situation.
- We make proper and honest use of any information relating to the Company, and refrain from using it improperly or sharing it with others.
- We use the information and disclose it only when the law requires that it be submitted to supervisory authorities, released to the media or to the public.

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- We take care to comply with the requirements of laws prohibiting the use of inside information, and operate in accordance with the procedure that limits the use of inside information that is disseminated to all Company employees.

### **Verbal and non-verbal communication**

- We are attentive to dignified and professional expression in our relations with outside and inside entities, including among employees. We repudiate correspondence containing exaggeration, disrespectful remarks, surmises or improper characterization of persons and companies, unprofessional language, unapproved financial, legal or business utterances, in e-mails, memos and official reports alike.
- We exercise judgment and act with discretion in all the formal and informal communication in which we engage.

### **Reporting to and informing the public**

- We insist on honest and accuracy in all our reports, both in internal records and in information disseminated to the public.
- We are committed to accurate and reliable records in the Company's books. All the books, records, accounts and balance sheets of Company are detailed and reflect the Company's transactions and meet the legal requirements applicable to them and the internal auditing methods of the Company.
- We take care to implement Company policy on matters relating to the preservation or destruction of documents.
- In cases of litigation or a government inquiry, we act in accordance with directives and after consultation with the senior management of the Company and its legal advice.
- We conduct ourselves in accordance with the law and preserve Company documents for at least seven years. We forbid our Employees from destroying or changing documents or documentation (whether in paper form, electronic mail or in any other form), in response to or in expectation of a legal proceeding or government investigation of any kind.
- We operate in accordance with the securities laws that proscribe selective disclosure of material non-public information to any person outside the Company. All Company Employees are required to maintain the confidentiality of all the material non-public information unless or until the Company publishes an immediate report or other official report.

#### **What does the law say?**

Criminal liability can be imposed on whoever defaces, changes, destroys, damages or conceals documentation, a document or other object, or who tries to do so, with the intention of impairing its accessibility for use in an official proceeding, or who changes, covers up, forges or makes a false record, knowingly, in any documentation, document or object, with the intention of delaying or impeding an investigation or the conduct of any matter by a government agency or a bankruptcy court.

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- All financial or business information pertaining to the Company's business is disseminated only by employees who are authorized for that purpose.
- We ensure that all the information provided in electronic communication, on a "notice board" or in a similar forum, is provided by entities authorized to do so by the Company.
- Where information is requested by the media, the Securities Authority, analysts or shareholders, the request is forwarded to the CEO and the CFO of the Company or to its General Counsel, for their professional handling.

### **OUR BUSINESS ENVIRONMENT**

**We believe that our business success lies in a sense of pride in what we do. Our impact on our business environment is based on our guiding values.**

#### **Fair business conduct**

- We operate fairly with Company customers, suppliers, competitors and employees, and respect their rights.
- We believe in integrity and fairness, and accordingly we do not exploit suppliers, customers or any other person using inequitable business practices.
- We expect the employees and managers to promote the legitimate interests of the Company where this can be done legally and ethically.
- We deplore any business conduct that uses manipulation, concealment, abuse of confidential information, false interpretation of material facts or any other deliberately unfair conduct.

#### **Confidentiality**

- We work to preserve and protect any information in our possession, including financial data or information about the Company's business policy, suppliers or any other related company with which we do business.
- We acknowledge that all the information coming into our possession is the exclusive property of the Company and we use it only with permission and authority.
- We take care to preserve the confidentiality of any documents entrusted to us by the Company, and acknowledge that all the files, records and documents are and shall remain the exclusive property of the Company and shall not be removed from the Company's offices without the express, prior and written consent of the Company.
- We provide information about the Company or its customers only in cases where we are required to do so by law or by directives approved by the senior management of the Company, which might consult on the matter with its General Counsel.
- We take care to keep confidential any information that could be used by competitors or could be harmful to the Company or its customers if disclosed.
- We take care to safeguard confidential information forwarded to us by suppliers and customers, including after conclusion of the transaction.

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### **Responsibility and authority in making transactions**

- We operate with authority and responsibility in every transaction we make with our customers.
- We ensure that every transaction is approved at the requisite level of the organization and/or by the Company's management, depending on its subject-matter, nature and scope.
- Transactions in the Company's affairs, assets or property are made only through whoever is authorized to make them in the Company and in accordance with the Company's procedures.
- The persons in charge of buying and selling assets in the Company's name, which includes whoever was authorized to make undertakings in the Company's name, are required to exercise the responsibility given to them with reasonable judgment and intelligence and in accordance with the law and Company procedures, without exceeding the authority and powers granted them.
- We ascertain that every document be signed by the signatories authorized for the purpose and in the requisite combination of signatures.

### **Fair competition**

- We conduct ourselves with integrity and fairness in the competitive environment in which we operate.
- We believe that our competitive advantage lies in the quality of our performance, and our business conduct is based on the law and on the ethical conduct of the employees.
- We take care to comply with antitrust laws.
- The Company's employees are familiar with and operate in accordance with the law, and are required to seek the advice of the Company's General Counsel whenever a question arises.
- We forbid our employees from bringing competitors into offers, discussion or agreements on sales, customers or regions. We require our employees to refrain from discussing with a competitor agreements that are harmful to free and open competition or which involve related sales (for another product) or reciprocal transactions without the prior approval of the Company's senior management, without first consulting with the General Counsel of the Company.
- We publicize the various activities and accomplishments of the Company, including comparison with other entities, in a reliable and fair form as required by law.

#### **Antitrust Law, 1988**

The law proscribes or limits the sale of products or services at less than their cost, price fixing or other agreements with competitors for division of or approach to customers or any other conduct prejudicial to customers, "cartel" agreements that require a customer wishing to purchase a product or service to purchase other products or services, artificial maintenance of price levels, and other kinds of agreements or cartels.



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### Obtaining confidential information

- We act with integrity and instruct our employees to obtain information only in legal and ethical ways.
- Company employees are not required to disclose confidential or proprietary information which is in their possession due to their prior employment in other workplaces.

### Gifts and benefits

- We forbid Employees from accepting or giving gifts and benefits from or to any entity in consideration of or in connection with their work.
- If we are unsure whether it is right to accept a gift, we consult with our superiors.

### Conflict of interests

- We work to prevent situations where a conflict can be generated between the personal interests of the employee and the interests of the Company.
- We expect employees to exercise good judgment, to adhere to high ethical standards and to avoid situations that create real or potential conflict of interests.
- We ensure that employees do not work for a Competitor, customer or supplier of the Company while he is employed in the Company, so as to avoid conflict of interests situations.
- We ensure that Company employees do not serve as consultants or board members of competing companies.
- We recommend that our employees refrain from any business relationship, whether direct or indirect, with our customers, suppliers or competitors, except on our behalf.
- We instruct our employees that whenever they are in doubt, they must turn to managers or to the General Counsel of the Company for advice.
- We encourage Company employees to report to a supervisor, manager or other senior person if they have concerns about a conflict of interests where an employee, superior or manager is aware of a conflict of interests or the potential for a conflict of interest.
- Company employees are forbidden to accept personal favors or gifts from any outside entity with which they have work relations.
- We take care to avoid the appearance of conflict of interests, out of recognition that such "appearance", of itself, can reflect negatively on the Company and on its relations with its customers, suppliers and employees.
- We prohibit employees from any activities constituting direct or indirect competition with the Company.

#### **What is conflict of interests?**

Conflict of interests exists when a person's loyalties or actions are divided between the interests of the company and those of another entity, e.g. a competitor, supplier, customer or private business. It can arise when an employee or manager takes actions or has interests that can impede him in doing his work for the Company objectively and efficiently.

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### **OUR TIES TO THE ENVIRONMENT**

**As a leading group in energy and infrastructures, Delek Group is committed to sustainable management, looking to the future and preserving the interests of future generations in the social and environmental context.**

- We conduct Company policy in accordance with Israeli and international directives.
- We will work to assess and do business with suppliers, to sign contracts with manufacturers, dealers and professional consumers who meet the applicable criteria of safety, health and quality of the environment.

### **Contribution to society and the community**

- We are alert to and contribute to the variegated social needs of society in Israel.
- As part of our activities in this area, the Delek Foundation was established about 50 years ago to coordinate under one roof all the contributory activities to society and the community of Delek Group. The idea behind the social concept of the Foundation is "To donate who those who contribute to society and the community."
- The Delek Foundation does not seek donations from the public; rather, every year the companies in the Group make a donation in an amount that enables to the Foundation to work for the community.
- Most of the activities of the Delek Foundation focus on education, both by awarding scholarships to needy pupils and students and by making donations to educational institutions for promoting educational projects. Most of the donations go towards grants for students and newly-discharged soldiers, and to associations that serve the community.

### **Reporting on illegal or unethical conduct**

Whenever our employees expose or suspect inappropriate or unethical conduct, they must immediately report the violation of the Code, the procedure or the law.

Delek Group has adopted a procedure for anonymous reporting on ethical matters. The procedure is distributed to all Company employees as part of this Code. The address for matters of anonymous reporting is the internal auditor of the Company.

We promise our employees secrecy. We will not permit vindictiveness of any kind towards employees who report on ethical or legal violations.

The supervisor of the Code of Ethics on the Company's behalf is Adv. Liora Pratt Levin, and the address for consulting with her is 7 Giborei Israel Street, Netanya. Telephone: 09-8638419.

The procedure will be distributed to every employee and officer of the Company.