



AZRIELI GROUP

Azrieli Group Ltd.

Code of Business conduct

One step Ahead



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azrieli
Group



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From the CEO's desk,

Dear Employee,



Integrity, fairness and ethical business conduct are the core values in the Azrieli Group. We take pride in the high moral and ethical standards of our Employees and are aware that they play an instrumental role in our business success. We also know that even in the heat of action and the busy routine you, employees, officers and managers (the "Employees"), prove daily that the code of ethical conduct, which reflects the Group's vision and values, is not a slogan but a path, and for that you have our deep appreciation.

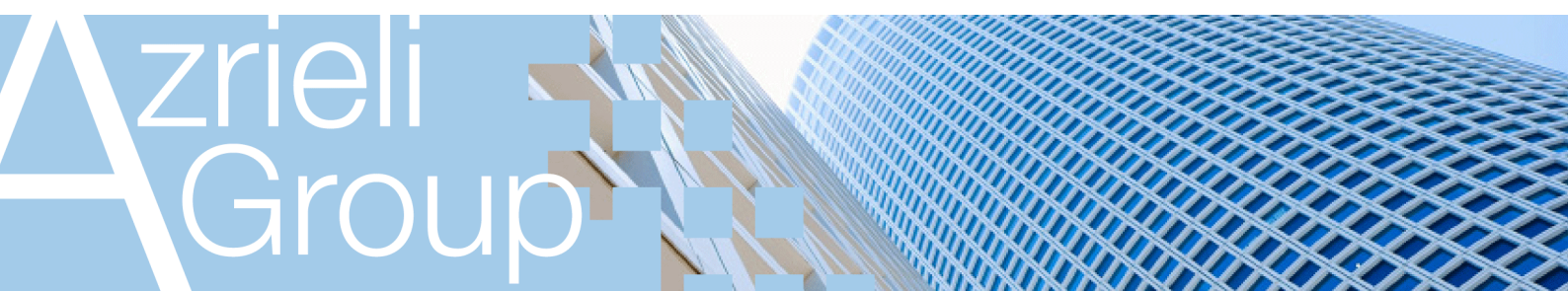
As a public company, one of the market leaders in its field, the Group is obligated to adopt principles for appropriate business conduct. This status of the Group ensuring innovation, initiative and constant striving for achievement, fair competition, a combination of human capabilities, Employee motivation, ensuring compliance with law and statutes and professional power. All of these ensure the achievement of the goals that the Group sets for itself.

All Employees have the responsibility to contribute to the proper administration of the Group and help maintain its reputation of integrity and professionalism. The Group's strength and business success are built up from a reputation for reliability, integrity and trust placed in the Group by its suppliers, tenants and others coming into business contact therewith.

The Code of Ethics incorporates the standards, ethics and relationships between colleagues, contacts with customers and suppliers, community contribution and social and environmental responsibility. The Code of Ethics is designed to establish and reinforce norms of conduct, with respect to compliance with the provisions of the law, the Group's procedures and other rules of conduct among Employees. This Code does not make do with mere fulfillment of the provisions of the law, but also includes broader norms of conduct. However, the Employees are required to fully and absolutely respect and comply with the provisions of the law in all areas in which the Group operates, and in any case of discrepancy with the provisions of this Code, the provisions of the law prevail.

Correct decisions and ethical conduct, compliance with laws, instructions and procedures are embedded in all areas of our work. The Code serves as a "compass" for correct conduct. In cases of ethical dilemmas and in the absence of explicit instructions, each one of us should ask him or herself what is the proper thing to do, what is the proper conduct according to the Code that we have adopted.

We shall emphasize that this Code is not an exhaustive and comprehensive guide covering all possible situations and will therefore be updated from time to time by the Group.





AZRIELI GROUP

Moreover, the principles and rules set forth in this Code of Ethics are also not the exclusive source for the rules of conduct of the Group's Employees. Therefore, in upholding and applying the principles of this Code of Ethics, reasonable discretion need to be exercised and it ought to be implemented together with the provisions of the law and the relevant procedures.

In any case of doubt or ambiguity, please contact your direct supervisor and if necessary, the Group's General Counsel or Internal Enforcement Supervisor, for answers and instructions for action.

Sincerely,

Eyal Henkin, CEO

Azrieli Group Ltd.

Section 1 – Compliance with Laws, Regulations and Rules

Business Conduct Code



The Group and its Employees must maintain full compliance with any and all relevant statutes, regulations and laws. In addition, the Employees shall also comply with the internal guidelines, instructions and rules of the Azrieli Group, which may go beyond what is required by the law. In any case, ignorance of the law is no reason or explanation to break the law. It is important and required that the Group's Employees consult with their supervisors, or with another suitable Employee of the Group on any relevant issue that may arise.

Section 2 – Conflict of Interest

We always act in the best interests of the Azrieli Group

The Group's decisions are based on business and relevant considerations and are made for the benefit of the Group. A conflict of interest may occur when personal interests of an Employee or the interests of a third party are in conflict with the Group's interests. In such a situation where the personal interests compete with the duties of the Employees to the Group, it can be difficult for the Employee to act in the best interests of the Group.

Therefore, whenever possible, Employees should avoid conflicts of interest or situations appearing as conflicts of interest. Since it is impossible to foresee every possible situation for the creation of a conflict of interest, all Employees are required to demonstrate awareness and sensitivity to this important issue. Employees are required to be fully committed to the Group, devote their best efforts to its success, and not exploit their position in the Group for their personal benefit. Employees shall reject all business proposals from customers or suppliers or handling of transactions with a personal, social or family interest, without the prior written approval of the relevant supervisor according to the Group's procedures.

In any case of conflicts of interest or a concern of conflicts of interest, report immediately to the supervisors and follow the instructions specified in Section 16 below and the Group's procedures.

Section 3 – Activity Outside of the Group and Other Directorships





The Group's interests and reputation are represented, among other, also in the Group's outside activities

Outside of the Group, no activities shall be pursued if such activities may interfere with the Employee's fulfillment of his or her responsibilities and duties to the Group. In any case avoid activities that create risks for the Group's reputation or if they conflict with the interests thereof. Any and all outside activities require a report to the supervisor, and when in doubt, consult with the Legal Department and receive prior written approval from the relevant supervisor in accordance with the Group's procedures.

In any case, holding office as a board member, officer, partner, consultant or employee on the management or board of directors of a public company, is subject to prior written approval of the Group's Chairman of the Board and CEO.

An outside activity, even if approved as aforesaid, shall be pursued by the Group's Employee within his or her spare time and under his or her sole responsibility for any cost or risk thereof.

The aforesaid adds to, but does not derogate from, the undertakings contained in the employment agreement signed between the Group and the Employees.

Furthermore, Israel is a democracy and all citizens have freedom of and right to political opinion. However, the Group's Employees should refrain from acting or using the Group's Employees and/or facilities and/or means for political purposes or the promotion of personal interests, especially during the working hours. The Group's Employees should not take advantage of their status and image in the Group for political profit purposes. In addition, do not hold fund-raising in the Group for a candidate or political party.

Any performance of duties in the Group shall be made in accordance with the powers defined by the supervisor of the position holder, while taking care not to exceed the same. When an Employee's powers are delegated to others, proper control should be exercised over the issues within his or her area of responsibility. The signing documents on behalf of the Group or an action that binds the Group shall be made only by the persons authorized therefor by the Board's resolutions and the Group's procedures. It is prohibited to make statements about the Group, its business and customers interview for the written, electronic or online media on such issues, unless approval has been received from the appropriate supervisor in accordance with the Group's procedures. In any case of expression on public or political affairs, it should be clarified that such statement was made in your capacity as a private individual and not for or behalf of the Group.



Section 4 – Family and Relatives

The Group strives for fair employment

The Azrieli Group shall approve the employment of immediate family members and spouses of Employees as employees or as consultants, only if the appointment is based on qualifications, performance, skills and appropriate experience, and provided that there is no direct or indirect reporting relationship with the Employee who is a family member. This principle of fair employment shall apply to all aspects of the employment, including promotions, compensation and transfers. The aforesaid shall not guarantee any preference to employ family members of the Group's Employees.

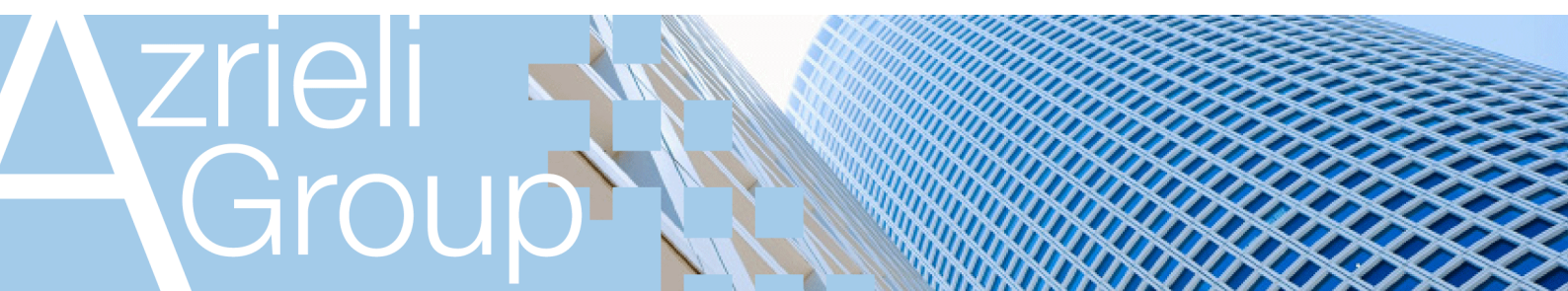
Section 5 – Business Opportunities in the Group

We are committed to advance the Azrieli Group's business

The Group's Employees shall refrain from using the Group's property, information that they received during the course of their employment therein or their status in the Group in order to obtain personal gain or personal benefit in an inappropriate manner, or in order to compete with the Group and its activities. Employees shall not take advantage, for their personal benefit, of business opportunities or information having reached them due to their employment, position or status in the Group, which may be of interest to the Azrieli Group, and shall inform their supervising manager of any such business opportunity. The supervising manager shall take the information to Azrieli Group's management. Even if the Group's management decides not to use the business opportunity, the Employee may use the opportunity for his or her benefit only if it is absolutely clear that no direct or indirect competition with the Group's business would not entailed thereby.

Section 6 – Inside Information

We respect and comply with the rules prohibiting the use of inside information and confidential information





The Group is a public company whose securities are traded on the Tel Aviv Stock Exchange Ltd. ("TASE"). Moreover, the Group's investee companies are public companies whose securities are traded on TASE. The Group and its Employees are committed to fully fulfill the provisions of the relevant laws in the matter of transactions in securities, prohibiting the use of inside information and delivery of notices to the company about their holdings and the use of inside information procedure that applies to the Group.

In addition, much information concerning the Group (including information relating to the Group's customers, suppliers or competitors) to which the employees are exposed in the framework of their employment in the Group, whether in writing, verbally or in any other media, is a strictly confidential information and often may constitute an inside information and the Group's Employees should maintain it as such. Do not disclose or transfer confidential information to others, in any manner, and protect it from theft or loss.

"Inside information" is, among other things, information on the development in the Group, a change in its status, anticipated development or changes, including significant transactions and collaborations, offers to purchase or diversify the Group's business, appointments or resignations of important persons in the Group, tender offers, a major project, significant price changes, intention to distribute dividends, securities offering and exposure to significant claims as well as any similar or other information that may affect the Group's financial results which is unknown to the public and that had it become known could cause a change in the share price. Confidential or inside information can take many different forms: verbally, in writing, in print, electronically (such as e-mail and any other possible media) and the duty of non-disclosure and maintaining confidentiality applies to them all. Therefore, be careful not to discuss Group's matters in public places (such as: elevators, cafes, etc.) and not to leave documents, electronic media or personal computers with information about the Group in public places or vehicles. Published inside information is information reported on the Distribution Site of Israel Securities Authority (Magna) and the TASE website (Maya).

For the avoidance of doubt, the prohibition to use inside information applies especially to Employees who are directly or indirectly exposed to the Group's draft financial statements or information underlying the same and to any information that may affect the Group's share price. Failure to comply with the above may lead not only to disciplinary punishment but also to criminal proceedings. In any case of doubt, the Employees should consult the Group's Legal Department or Internal Enforcement Supervisor.





Section 7 – Fair Trade and Antitrust

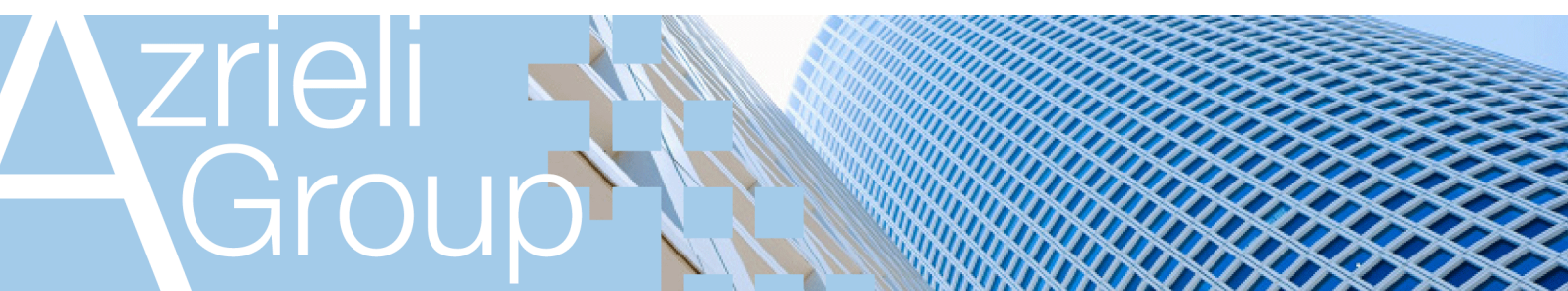
We believe in the importance of free competition and efficient market

The Azrieli Group values free competition and is managed with the intention to compete successfully in the existing business environment honestly, fairly and subject to any law, including the antitrust and fair trade laws. All of the Group's Employees perform their duties while strictly complying with and keeping abreast of the provisions of the relevant laws. The Group's Employees shall refrain from using manipulations, abuse of confidential information or any other unfair action and be strict with the Group's procedures in this area, especially regarding marketing and pricing policies, managing the relationship with competitors, fair conduct with customers and suppliers. In any case of doubt please contact the Legal Department to receive advice and training about the relevant laws.

The Group, as a developer with an established reputation for professionalism, chooses its suppliers based on professionalism, quality, solidity, reliability of the product or service offered by them and price. The election process is carried out fairly, honestly and impartially. The process of approaching the supplier, the manner of election and decision making shall be made in accordance with the Group's procedures in order to choose the most appropriate supplier.

Section 8 – Ethical Business Conduct

We lead in the Group values of reliability, honesty, professionalism and integrity





The Azrieli Group believes that the values of reliability, honesty, professionalism, integrity, respect for the law, commitment to maintaining man's dignity, providing equal opportunity and equal treatment, regardless of religion, race or gender, commitment to keeping the environment, social responsibility and community contribution are core values that underlie the Group's business activity and relations with its shareholders, partners, employees, officers, creditors, suppliers, competitors, government agencies and the community in general.

The Group works to imbue ethical and proper business conduct of its Employees and officers in the framework of their work in the Group. The purpose of the Code of Ethics is to establish basic core values by which, among others, the Group operates in an array of binding rules of conduct for its officers, managers and employees.

Behavior that violates the behavioral values of the Azrieli Group constitutes, among others, deviation by the officer or Employee from the bounds of his or her position and powers and a disciplinary offense. Accordingly, the Group may take various disciplinary actions against him, depending on the severity of the violation, up to termination and denial of rights, all subject to the law and without derogating from any relief accorded to the Group by law.

Section 9 – The Group's Employees' Rights and Privacy and Prohibition of Discrimination

We regard the human capital as a key component of our success

The Azrieli Group regards its human capital as a key component in its success and acts for the human capital to comprise reliable Employees having personal capabilities and appropriate skills. The Group is committed to protecting the rights of its Employees, and ensures that their working conditions and activities are appropriate and in accordance with the provisions of the law. Furthermore, the Group places great importance on maintaining the privacy of its Employees, their dignity and reputation and uses only such personal details as are required by law or for the proper management of the Group's business and Employees. The Group and its managers safeguard and treat such details as confidential information, and restrict access thereto only to authorized personnel who require the information for their work (such as: salary controller and CFO). Also the Employees have a duty to maintain their own privacy, as well as of others.

The Group treats its employees fairly and without discrimination and imbues to the best of its ability a policy to promote and encourage making decisions based on relevant





considerations and without discrimination, including due to religion, race, gender, age, opinion, sexual inclination or a particular type of disability.

The Group encourages a pleasant working environment, proper working relations, attitude of respect, mutual trust and understanding, openness and supportive relationships between Employees at all levels (between employees and supervisors and between employees and their colleagues), in order to maintain the pride in belonging to the Azrieli Group and sense of uniqueness. In this context, the Group encourages its Employees to be attentive to the difficulties and distress of other Employees, to support and assist them as much as possible. Working for the Group requires cooperation, transparency and flow of information for proper functioning and effective teamwork. In any case of a bad personal relationship between Employees, make sure that it does not harm the work, production or the working environment of the Group's other Employees and act in accordance with Section 16 of this Code in cases identified as aforesaid.

Section 10 – Prevention of Harassment, Bribery and Corruption

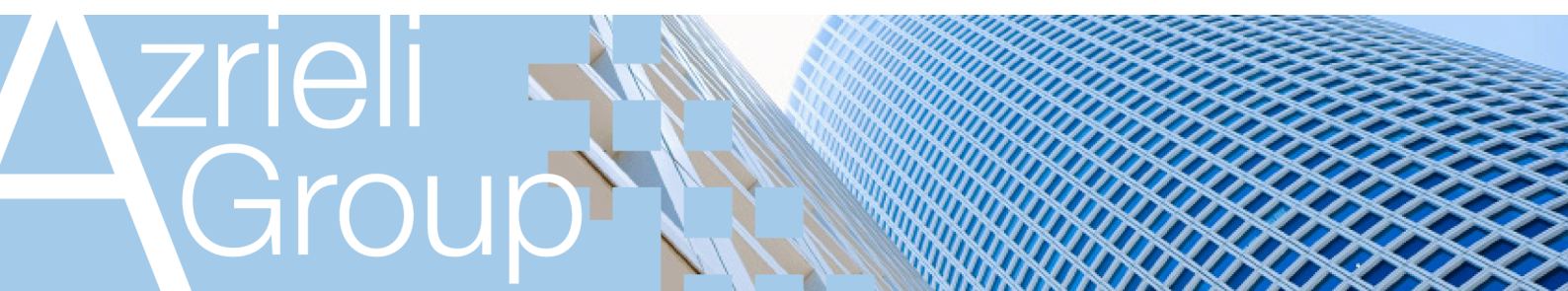
We condemn all forms of harassment, bribery or corruption

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The Group aspires to maintain a work environment free of any form of sexual harassment or any other form of harassment or threat, at all levels or any other illegal violation and all Employees must take part in this effort. Thus, for example, the Group's Employees shall avoid abusive and derogatory statements towards other Employees or any other third party, harassments, including sexual harassments, and intimidation. The Group acts in accordance with the mechanisms specified in the Group's Prevention of Sexual Harassment Policy, in its current version from time to time (the "Policy"), to prevent harassment and shall take all lawful steps to prevent any harassment. The aforesaid is in addition to the provisions of the Policy which binds all Employees, as distributed in the Group's facilities.

The Employees shall refrain from any act of bribery or corruption, shall not offer nor promise to a third party, whether public or private, whether directly or indirectly, improper personal or pecuniary benefit or any other benefit, in order to obtain or maintain a transaction or obtain any another advantage.

Section 11 – Gifts and Benefits





The Group competes and performs its business based only on professionalism, quality and talent

The Group's Employees shall not accept nor try to inappropriately influence others, through receiving or giving preferential treatment. The Group prohibits giving or receiving payments or benefits or other advantages by the Group or the Group's Employee to or from any person, state representative or another entity, including, for the purpose of obtaining or maintaining business or to influence any business process which is inappropriate in such circumstances.

The existence of social relationships between the Group's Employees and customers or suppliers is clear and accepted. Make sure that such social relationships shall not cause conflicts of interest and any such interest, great or small, will be reported in advance and in writing to the supervising manager.

With respect to the aforesaid, the Group's Employees shall report their supervisors, and in case of a director – to the Chairman of the Board, on any case of giving or receiving a benefit or a proposal for such, as mentioned above.

Section 12 – Fraud, Protection of Group's Property and Professional Responsibility





The Group insists on honesty, respect for the Group's property and assets and professional responsibility

The Group's Employees should maintain the Group's property and use them properly for its objectives only. The Group's Employees may not use its property or take its property off its facilities, other than in the context of their position and for the promotion of its objectives and in accordance with the authorizations given to them.

Employees must protect all of the Group's assets, including its intellectual property. Intellectual property includes intellectual assets, such as trade secrets, trademarks and copyrights, as well as business plans, marketing and service plans, databases, information banks, customers, suppliers, records, prices and any business information whatsoever and unpublished business reports that are not public. Misuse of the Group's property including its intellectual property, constitutes a violation of the Group's policy and may even be considered illegal. Misappropriation of the Group's assets and property, theft, negligent use of its property and unnecessary waste constitute violation thereof. In any case of such suspected acts or defaults, the Employee must report to the supervisors.

Each transaction, according to its subject, scope and character, requires approval at the appropriate management level. Each one of the Group's Employees, who is responsible for the purchase and sale of assets on behalf of the Group or who is authorized to commit on its behalf, shall use the authority and responsibility entrusted to him or her with reasonable discretion and not exceeds the same. The Group's Employees shall strictly observe work safety rules and the relevant provisions of law and shall alert the appropriate persons of any hazard that may endanger the Group's property or the safety of the Group's Employees or customers or any third party or that may expose the Group to damage.

In addition, the Group's Employees are committed to proficiency and command of all matters within their areas of responsibility and shall aim for best performance of their tasks under their responsibility, actively learn and keep abreast of their areas of occupation and strive to improve their performance. The Group's Employees are committed to proper professional care, while performing their work faithfully and diligently.

Section 13 – Confidential Information and Intellectual Property





We value our confidential information, protect it and respect other's confidential information

Confidential information is information that is not or not yet public. Confidential information includes: trade secrets, business plans, marketing plan, service plans, market analysis and customer preferences, planning and marketing ideas, databases, customer and supplier information, information on employment conditions, financial or other information not yet published and any information that may assist directly or indirectly the competitors or harm the Group if exposed.

Part of the Group's great reputation is due to the rigorous maintenance of confidential information, especially in connection with its customers and suppliers. Employees shall not disclose nor allow disclosure of the Group's confidential information to external entities, including the media, online forums, etc., unless it is required by law or approved by the CEO. Also the transfer of confidential information within the Group shall be made only to the persons authorized therefor. Reviewing confidential information shall be made only if it is necessary for the performance of duties within the Group and shall not be exposed to an Employee who does not have a need to know or to a third party. Inquiries from the media shall be referred to the Chairman of the Board and the CEO, who shall determine the person within the Group to handle such matters. The Group's Employees shall obtain approval from their supervisors before any release of information, interview or public appearance. In addition, the Group is strict with its employees on all issues of computer system protection. This obligation shall survive the termination of the Employee's employment with the Group's.

Furthermore, the rights in any invention, idea, discovery and development made by any of the Employees during and as a result of their work for the Group, whether written or verbal, are the property of the Group and may not be used outside the Group.

Section 14 – Linkage to Israel, Social Responsibility and Community Involvement



We believe in contribution to the society and community and in contribution to an effective environmental policy

As a Group that was incorporated in Israel a few decades ago, in order to contribute to its development], it recognizes the great importance of social responsibility and deems it as an administrative strategy and business vision. The Group incorporates ideological content in the business plan in order to ensure proper business conduct, and because outmost importance. The Group is deeply committed to contribute to society and the community and to act responsibly toward its environment, a significant responsibility within the Group's business considerations. In this context, the Group, together with its Employees, formulates an environmental policy in all of its fields of activity.

Section 15 – Keeping Records

We believe in the importance of the accumulated information and maintaining proper records

The Group's Employees shall record information and report it fairly and accurately. Within the bounds of records are, among others, reports and documents in connection with the Group's activities, which are designed both for the Group's internal use and for delivery to third parties, including the state authorities. The Group's Employees shall manage all of the Group's books, reports, statements and financial records such that they would fulfill the requirements of the law and the Group's internal control system. The Group's records must be properly kept for at least seven years. Do not destroy or change records content (whether kept in the form of paperwork, electronic files or e-mail, or in any other form) for any reason whatsoever.

Section 16 – Compliance





We shall review the Code and the provisions specified therein and ask for guidance if necessary

All Group's Employees are committed to act in accordance with the provisions of the Code. The Group believes that ethical conduct is not a passive process, but requires a conscious decision making, while exercising good judgment, consistent with the Group's vision, values and culture.

For the administration and implementation of the Code, the Group appointed the CFO, a member of the Group's management, who will arrange for the update, communicate and implement the Code of Ethics, the holding of training and study sessions for the Code and the creation of a communication channel on the subject that will be available to Employees. If necessary, the Employee shall seek guidance from the supervising manager, the Legal Department, or the Group's Internal Enforcement Supervisor. Each Employee is personally responsible to do the "right thing" and ensure high standards of integrity. In case of a doubt, each Employee should act in accordance with the basic principles of the Group's values, to perform his or her job honestly and impartially, to promote the Group's business with professionalism, in good faith and reliability, not to disclose confidential information and abstain from any activity which constitutes or may appear to be a conflict of interest, treat whoever comes into contact with us with courtesy and to act for the creation of a pleasant work atmosphere and environment, to treat our fellow employees, supervisors, colleagues and subordinates - politely and respectfully, without verbal or physical harassment, and without an atmosphere of hostility or intimidation.

Section 17 – Reporting Illegal or Inappropriate Conduct





We are responsible to ensure that all of us operate with integrity in every situation

Employees shall report to their supervising manager, the Legal Department or Internal Enforcement Supervisor, of any work practice or action of theirs, or of another Group Employee, which to their understanding, does not fit the provisions of this Code, violate it, are about to violate it or are illegal. The Group encourages each of its Employees to discuss unethical conduct with his or her supervisor or another appropriate staff member of the Group'. In irregular cases, you may report directly to the Group's CEO. The Azrieli Group promises to thoroughly and diligently investigate any such report, and insofar as confidentiality and discreet treatment are required, will act in accordance with and subject to the provisions of the law. The Group prohibits harassment of Employees in general, and especially due to a report or complaint that were made in good faith. The Azrieli Group will act according to the Group's Protection of Whistleblower Employee Procedure and shall protect the rights of any Employee having acted in good faith as aforesaid.

