

The Arad Group's Code of Ethics 2021



General

The Arad Group Code of Ethics defines principles for proper ethical conduct in all the Group's companies. The Code of Ethics is profoundly significant in our day-to-day activities. Adopting and implementing the Code of Ethics, along with open communication regarding ethical matters, will create positive momentum and promote Group objectives. The Code of Ethics is translated into English, Spanish and in the future will be translated into additional languages in accordance with the new territories where the Group will operate.

In each of the Group's companies, the company manager holds the position of the Ethics Officer, serving as a focal point for ethical issues that arise in the framework of ongoing activity. The internal auditor serves as the Chief Ethics Officer and can be approached to resolve and clarify any ethical issue. The Code of Ethics helps us preserve the reputation and brand of the Arad Group. Each of us has a responsibility to adhere to the Code of Ethics, both by understanding its letter and spirit and by exercising personal discretion.

The Group has established a "hotline" for its employees to turn to in order to raise ethical matters that require attention and improvement. The Group will provide a number of communication channels, all of which shall be confidential and privileged. One can approach a direct manager, the Ethics Officer in each subsidiary or the internal auditor anonymously by telephone or by e-mail.

The Objectives and Importance of the Code of Ethics

The Code of Ethics is meant to serve as a guideline that shall direct us how to act and cope with moral dilemmas and challenges that we may face in the course of our work. We shall conduct our business with a commitment to preserving integrity, reliability, respect towards others, personal responsibility, equality, professionalism and decency. We shall conduct our business and comply with the laws of the countries in which we operate as well as with the regulatory requirements that guide and impact our activity.

Each one of the Group's employees assumes the responsibility to be familiar with the Code of Ethics, to understand its contents and to act in accordance therewith.

The Code of Ethics shall be presented in the framework of onboarding new employees and in the framework of ongoing training processes in the organization.

Quality of Reports to the Public

As a publicly traded company we attach great importance to maintaining strict standards in all that relates to managing our records and reports to the public and the shareholders. As a result, we shall maintain company documents meticulously, while diligently applying high standards, in a manner that fully expresses and accurately reflects all actions taken, so as to ensure that the information shall serve the shareholders and the Group management in order to reach objective and high-quality decisions.

We are committed to providing the stakeholders and the various authorities accurate and reliable reports that comply with all laws and regulations, while demonstrating proper standards of openness and transparency.

Use of Inside Information

The Company's securities have been traded on the Israeli Stock Exchange since December 2004. Any material information about the Group which is not known to the public and which could impact the share value should be considered inside information.

We are committed to treating any information which comes to our attention in the framework of work, in confidence. The Securities Law prohibits transactions in securities that are traded on the Stock Exchange while using inside information. We, and members of our families, are prevented from trading the Group's shares based on inside information received in the course of work. We have adopted an internal compliance plan relating to securities and the Group's employees are required to act in accordance therewith.

Our Employees

We undertake to treat our employees with fairness and dignity and to provide a safe and healthy working environment which inspires facing challenges and encourages collaboration and teamwork.

Employees shall receive fair compensation for their work, while preserving all the rights prescribed by law. Employees shall be rewarded fairly in accordance with their skills and performance, while considering the competitive environment in which the Group operates.

The Group shall grant all its employee's equal opportunities and will encourage professional and personal development. There shall be no discrimination based on gender, religion or ethnic background, and there shall be no form of physical, emotional, sexual or other harassment.

The employees shall refrain from conflict of interest and from exploiting business opportunities for personal gain or profit. The employees shall use the Group's assets and resources only for the Group's benefit and in a responsible manner.

The computer network is intended to be used solely for business purposes. We shall protect the information system and prevent unauthorized access or improper use.



Our Customers

Our customers are the source of our strength.

We are committed to complying with the highest standards of product quality and to devoting efforts to expand our products' performance, while preserving their quality. We are committed to complying with all regulatory requirements which apply to us in each of the target countries in which we currently operate and shall operate in the future.

We undertake to be attentive to our customers and to use the information that they shall deliver to us. We shall treat them with honesty and be respectful of their rights. We undertake to attend to any complaint by any customer courteously, promptly and efficiently.

We believe that our business shall succeed legitimately, based on its merits. It is strictly forbidden to use unlawful means to promote the Group's business. Giving bribes and/or any benefits of any kind is completely prohibited.



Our Suppliers

Decisions regarding procurement and selecting the Group's suppliers shall always be business decisions that are made in accordance with objective criteria and based on relevant considerations, such as comparison of prices, quality and performance. It is prohibited to allow other considerations, such as a personal relationship, gifts, entertainment or anything else of direct or indirect value, to impact our decisions. Every decision must be based on relevant considerations that reflect the Group's best interests.

Our suppliers are an important component in our ability to operate and we believe in the importance of a partnership with our suppliers. We are committed to treating suppliers with honesty and being respectful of their rights and to acting with decency in all ongoing activity and any negotiations with them.

We shall strive to ensure that our suppliers act in accordance with proper ethical standards.

Our Competitors

We shall act with vigor and determination to meet the challenges and the goals we set for ourselves. We shall do so while abiding by the rules of fair competition, we shall not defame our competitors, their actions or products and we shall respect the intellectual property of our competitors. The Arad Group and all its employees are required to comply with the Economic Competition Law (previously named: The Restrictive Practices Law) in every country where the Group operates. The Group has adopted an internal compliance plan relating to competition laws and the Group's employees are required to act in accordance therewith.

Environment

We undertake to adopt an approach of environmental responsibility, while integrating environmental considerations in various decision-making processes. To the extent possible, we shall use toxic-free and non-polluting materials, we shall strive to use alternative energy, such as solar energy, and we shall attend to recycling and disposing of waste while considering the environment.

Laboratories and Test Benches

Arad's management shall invest the required resources to ensure that the laboratories, test benches and management system will present reliable and accurate results. Arad's management and the laboratories and test benches employees are committed to impartial and ethical conduct and to providing reliable and accurate information to the Company's customers and stakeholders. The Company shall guarantee that the laboratory, the test benches and its employees shall act unbiasedly. All laboratory, test benches and management personnel must avoid situations of commercial, financial or other pressure, in order to prevent cases of impartiality. All those involved in the activity of the laboratory and the test benches are obligated to refrain from using their status for their own benefit, for the benefit of their family members, their friends, their acquaintances or for the benefit of an organization to which they belong or with which they identify.

Community

We undertake to conduct an open dialogue with the members of the communities in which we operate, to be considerate of their needs and preferences and to take them into consideration in our decision-making processes.

We shall act to contribute to, and strengthen, parts of the community that need special support, whether by volunteering or by other natures of support.

Implementing the Rules of Ethics in the Arad Group

We shall act to make the Code of Ethics clear and accessible to existing employees in the framework of training sessions, and to new employees, upon their onboarding. We will take the principles of the Code of Ethics into consideration in business processes, when setting goals and when making decisions.

Any complaint regarding a violation shall be treated seriously. We undertake to protect anyone who exercises his or her obligation to report a violation of the Code of Ethics. A violation of the Code of Ethics will result in disciplinary actions, if necessary. The Code of Ethics shall be accessible to all, including on the websites of the Group's subsidiaries. Refreshing activities of the Code of Ethics shall be held once year for all the Group's employees.



"Hotline" Details:

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