

Anti-Bribery & Anti-Corruption Policy – Ashtrom Group



Ashtrom Group works to promote and uphold fair and transparent business conduct towards all its stakeholders, employees, customers, business partners, and others. This commitment includes zero tolerance for bribery and corruption, which harm fair competition and expose the Group to substantial risks, as detailed in the Group's Code of Ethics, and to fulfill its commitment to ethical integrity. Furthermore, as a company with extensive and international business activity, the Group is obligated to comply with local and international laws that require proper and transparent business activity, and in particular, regulations and laws prohibiting the giving and receiving of bribes, including the Israeli Penal Code (sections 290 and 291) as well as international legislation, for example the United States "Foreign Corrupt Practices Act" ("FCPA").

In the context of this commitment, the Group has formulated an Anti-Bribery and Anti-Corruption Policy, which includes a detailed compliance plan and an implementation system with training to ensure the integration and execution of this policy. This policy was formulated to aid its stakeholders, the Group's employees, customers, and business partners in recognizing and fully complying with the laws and regulations and the Group's guiding principles that prohibit giving/accepting bribes.

Application of the Policy

The policy applies to all the Group's employees in Israel and abroad, as well as to third parties working on its behalf or for it, all as detailed in this document and in the Group's compliance plan for the prevention of bribery and corruption.

1. Total Prohibition of Bribery and Corruption

The essence of Ashtrom Group's basic policy on the topic is, as follows: Ashtrom Group employees are strictly prohibited from accepting, offering, giving, agreeing to give, or allowing a third party to give a bribe in exchange for business advantage or favor and/or any action involving the granting of an unfair advantage in connection with an existing or future decision that affects Ashtrom's business activity and any underlying considerations. This prohibition applies both to the giving of bribes to a commercial entity and to a government/public entity such as a public figure and/or a family member or business partner of said public figure, either directly or through a third party acting on Ashtrom's behalf or for it, as well as accepting any of these.

This policy is also supported by Ashtrom Group's Code of Ethics, which represents the Group's commitment to maintain proper and fair business conduct in accordance with accepted ethical rules and all legal provisions, and also defines the standards of behavior expected from Ashtrom Group employees and its subsidiary companies in the fulfillment of their duties. These standards include, among other things, an absolute prohibition to offer, give or accept bribes in the form of money, favors or anything of nominal value, in exchange for obtaining an unfair business advantage, favor, or to influence the business outcomes of the performance of Ashtrom's employees or its third parties. Failure to comply with the Group's Code of Ethics may result in disciplinary action and/or dismissal with or without prior notice. Ashtrom Group employees and third parties acting on its behalf are required to familiarize themselves with the Code of Ethics and fully comply with it.

This Anti-Bribery and Corruption Policy is formulated based on relevant regulations that prohibit the giving and receiving of bribes, primarily the Israeli Penal Code (sections 290 and 291) and international legislation such as the U.S. "Foreign Corrupt Practices Act" ("FCPA").

These laws and statutes prohibit accepting bribes as well as giving bribes to public figures and various government bodies. As Ashtrom Group operates in additional countries and territories outside of the State of Israel, the Group is subject to additional laws and regulations regarding the prevention of bribery and corruption both at the specific country level and at the international level. Moreover, failure to comply with one or more of the aforementioned laws or regulations may lead to violations of additional laws, in particular the laws prohibiting money laundering, the prevention of terrorist financing, and various antitrust laws. For these reasons, the detailed compliance plan that is made available to the Group's employees relies on stringent regulatory requirements on the subject.

Below, key definitions on the topics are provided:

- **Corruption** is defined as the misuse of a particular office, role, position, or authority given to a person or corporation for personal gain or benefit.
- **Giving/receiving a bribe** is defined as an offer to give/receive or the actual giving/receiving of money, favors, services, or any other consideration of nominal value other than cash, in exchange for an unfair business advantage or influence on the business outcome of a certain decision/action/transaction, in a way that benefits one or more of the parties to it.
- A **local/foreign public official** is a person employed directly or indirectly by a government company, agency, or government office, or alternatively, holds a public position: public positions include positions in legislative and enforcement authorities, judicial authorities and courts, military or security bodies, politicians and members political parties, senior officials in international public organizations, as well as officials in regional/municipal councils or their equivalents.
- A **government company** is a corporation that is owned by a local/foreign government with a controlling interest of at least 50%, or alternatively, any corporation that is owned by a government that plays an integral role in fulfilling duties for its residents.

An employee who is unsure of how to interpret the above definitions in practice should consult Ashtrom Group's compliance function.

2. Examination of Various Business Expenses According to Policy Principles

Prohibition of Indirect Payments

The prohibition on bribing public officials refers to both direct and indirect payments or other considerations. Therefore, payments to public officials through third parties (such as consultants, brokers, agents and various business service providers and entities related to each of these) in exchange for a certain business advantage/benefit are utterly prohibited.

Total Prohibition of Commercial Bribery

There are various international laws that prohibit bribery in the private sector - that is, to corporations that are not owned by the government in one way or another, businessmen, and others. Prominent legislation and conventions on the topic include the "UK Bribery Act 2010" as well as the African Union Convention on Preventing and Combating Corruption. While the applicability of the aforementioned laws on the activities of Ashtrom Group and its employees may vary from country to country and according to different circumstances, **the Group's policy is an absolute prohibition on giving or receiving bribes to any entity, whether public, governmental, or private.**

Prohibition of Grease Payments

Grease payments are modest sums of money (usually in cash or cash equivalent) that are paid to a certain public figure or someone on their behalf in exchange for expediting or easing the conditions required to complete or promote a routine government action - that is, an action performed by virtue of the administrative authority of a government official or other public figure and provided that it does not involve bias. There are various countries and even international legislation (such as the U.S. "FCPA") that allow the use of grease payments subject to certain business circumstances. At the same time, the line between legal grease payments and illegal payments is not always clear and sometimes even very vague. **Therefore, grease payments are prohibited according to Ashtrom Group's policy.**

Prohibition on the Promotion of Irregular Employment Opportunities.

Employment opportunities include offers for an internship, part-time or full-time position for an employee of an existing client, a public figure or any other entity that has an influence on an existing or planned decision that has a material business impact on Ashtrom, including first-degree family members of any of abovementioned actors or those acting on their behalf. Employment opportunities may be completely legitimate in many cases, and, when the opportunity is presented in an equal, transparent manner, and following screening of other candidates for the position in question. However, it should be emphasized that Ashtrom employees are absolutely prohibited from offering or giving employment opportunities in a way that circumvents the work of human resources managers, or of other relevant parties in the company or Group, and particularly when the opportunity is offered in exchange for influencing an existing or planned decision that has a substantial business impact on Ashtrom.

Gifts, Hospitality and Entertainment

Ashtrom Group appreciates the importance of utilizing business expenses to create goodwill and to strengthen business relationships when promoting and presenting the Group's business activities, performing outreach activities and professional training, hosting or participating in conferences/other professional events as well as sponsoring each of these, and more.

However, the noted business expenses, such as gifts, hospitality, and various entertainment events, may create a substantial risk for the Group when they are given/offered with the intention of obtaining an unfair business advantage, whether actually or apparently. Therefore, Ashtrom employees or third parties working under its name and/or on its behalf are required to exercise discretion in the aforementioned circumstances and examine any business expense in advance. Specifically, there is an absolute prohibition on the use of business expenses in order to bribe a public figure or other commercial entity.

General guidelines for giving and receiving gifts/hospitality/entertainment in an appropriate manner are detailed below:

- It should be a legal expenditure according to the local law and the customary culture.
- The expenditure should be linked to a normative business purpose, and never for the purpose of gaining an unfair business advantage in connection with an existing or planned decision that has business impact on Ashtrom.
- The expenditure should be reasonable and not create even the slightest impression of improper intention. In determining the appropriateness and reasonableness of a certain expenditure, Ashtrom employees are asked to consider the scope, the timing

of the expenditure, its role, the circumstances in which it was given/requested, and similar expenses previously covered to the same beneficiary.

- Every expenditure, whether it requires prior approval or not, must be accurately and fully documented in Ashtrom's accounting books, detailing the date of the expenditure, the purpose of the expenditure, the amount of the expenditure, and all the parties benefiting from the expenditure.

Donations to Associations and the Community.

Donations include money, or its equivalent such as equipment/tangible assets, human resources or services of monetary value provided without the intention of business consideration. Donations to organizations include support given to non-profit organizations, or entities linked to them in the form of ownership/control, power of attorney or other official appointment. Conversely, donations to the community include support provided for the benefit of the public or a particular community (building a school, donating books to a local library, etc.), without the necessary involvement of intermediaries.

Sponsorships are money, equipment/tangible assets, human resources, or services of financial value given to a certain organization with the intention of supporting it in promoting a certain event or activity permitted by law, mainly in the fields of sports, culture, education, science, and art (participating in a race, holding a conference, printing T-shirts for a sports team, etc.). An employee who wishes to engage in a sponsorship will do so in accordance with the company's procedures.

Political Contributions

Political contributions are subject to increasing legislation both in Israel and internationally. Ashtrom's employees are forbidden from making political contributions in Ashtrom's name. Exceptional cases will be examined in advance by the compliance function and permission will be granted only by the Group's CEO.

However, without derogating from the above, sponsorships/donations must meet the following criteria in order to be approved:

- The sponsorship/donation should be given according to local law.
- The sponsorship/donation will not be given in exchange for influencing an existing/planned decision that has a material business impact for Ashtrom.

See Ashtrom Group's website: Donations and Employee Volunteering Policy for more information.

3. Promoting the Prevention of Bribery and Corruption Across Our Value Chain

We encourage the implementation of the guiding principles detailed in this policy across our value chain and communicate the importance of the issue to our business partners, suppliers, and other parties with whom we do business. We consider this fair and honest business conduct that protects all parties involved in the engagement. These entities are requested to sign the policy before engaging with us as detailed below.

Engagements with Third Parties

Ashtrom Group's activities involve the integration of various work interfaces with third parties, and these are a central part of its activity. Simultaneously, it is important to remember that activities with third parties, and particularly those acting on Ashtrom's behalf or representing it, expose the Group to various reputational and legal risks. Specifically, there are several laws in Israel and internationally that apply to Ashtrom's activities that may make it liable to a bribery offense committed by a third party. Therefore, a business engagement with a third party will not be approved so long as its activity is considered high risk, and, as such, can only be approved after the said third party signs a document detailing the company's policy that strictly prohibits bribery payments of any kind, according to which the third party commits to adherence with the said policy.

4. Implementation and Integration of the Policy

Enforcement Measures for Violations.

A possible violation of legislation/regulations for the prevention of bribery and corruption as detailed in this policy may expose Ashtrom Group, its managers, and employees to administrative, civil, and criminal enforcement measures.

Thus, for example, under the Israeli Penal Code, the maximum penalty for the offense of bribing a foreign public official is seven years in prison and a fine, the current rate of which is approximately 1 million ₪ (NIS) for an individual or 2 million ₪ (NIS) for a corporation, or four times the value of the benefit obtained or intended to be obtained through the act of the offense - according to whichever is greatest. Moreover, Ashtrom's alleged involvement in bribery and corruption offenses could expose it to substantial reputational damage and damage the Group's business integrity – to such an extent that cannot be justified by any amount of business activity.

Strict enforcement and disciplinary measures will be taken against employees who, after an internal investigation of all the relevant facts and evidence, have been found to have violated the Code of Ethics and/or Ashtrom's Anti-Bribery and Anti-Corruption Policy. These measures may include dismissal with or without prior notice, as well as reporting to the competent authorities and the relevant enforcement bodies, subject to all legal provisions. In addition, directly or indirectly assisting others in carrying out an action that violates Ashtrom's Code of Ethics and/or the aforementioned policy, as well as deliberately ignoring factual evidence of such a violation, may also result in similar penalties.

Knowledge of Violations

Ashtrom Group employees will not engage in any act that they know could lead to a violation of the Code of Ethics and/or the Group's Anti-Bribery and Anti-Corruption Policy. "Knowledge" includes not only actual knowledge, but also constructive knowledge or such knowledge that is based on facts and circumstances that reasonably assume the possibility of an actual violation. This means that Ashtrom employees cannot assume an approach by which they "bury their heads in the sand" if information indicating a possible violation comes to their attention, and must **report the incident to the compliance function**. It should be clarified that Ashtrom considers the failure to report such an incident as a violation in and of itself.

Proper Bookkeeping and Documentation

Ashtrom Group is required by law to maintain a series of internal controls in the organization to ensure proper financial reporting in accordance with applicable accounting rules, and to prevent irregularities in its bookkeeping. These laws were enacted, among other reasons, based on the experience of various past instances in which public companies unexpectedly defaulted due to accounting irregularities, embezzlement, or internal fraud. Therefore, the Group and its employees take all reasonable measures to ensure proper management of the Group's books, including complete and transparent documentation of the company's assets and liabilities.

Audits and Risk Management

Ashtrom Group will diligently implement the compliance plan and comply with the compliance policy regarding the prevention of bribery and corruption, by, among other things, conducting periodic audits and analyzing risks arising from the Group's activities, as needed and in accordance with the compliance function's work plan.

Corporate Governance for Policy Implementation – Roles and Responsibilities

- **Compliance Function:** Ashtrom Group established a compliance function to execute the compliance program, who is responsible for coordination of the various activities required for the implementation and ongoing supervision of the policy.
- **Steering Committee on Behalf of Senior Management:** Ashtrom Group's management is committed to the success of the compliance program and its effective implementation over time. The Steering Committee will discuss material topics that constitute potential compliance risks for the Group and other material issues, as determined from time to time, as part of the process for evaluating the effectiveness the Group's compliance program. The composition and meeting dates of the Steering Committee will be determined by the Group's management.
- **Senior Managers in the Group and its Subsidiaries:** Ashtrom Group's senior managers are responsible for the ongoing implementation of the guidelines and working principles detailed in this compliance program, as well as for supervising the fulfillment of additional duties required of their employees as detailed in this policy.
- **Employees of the Group and its Subsidiaries:** Ashtrom Group's employees are responsible for fully following the instructions detailed in this compliance program.

Publication and Communication of the Policy

Ashtrom Group's Anti-Bribery and Anti-Corruption Policy is accessible to all stakeholders on the Group's website.

The Group publishes information on its relevant activities in our ESG report.

We invite our stakeholders to submit feedback, suggestions, and thoughts on the topic to: esg@ashtrom.co.il