

## CODE OF ETHICS AND BUSINESS CONDUCT

### Aim

The Board of Directors of the company (hereinafter: “**the Board**”) of the Baran Group Ltd. (hereinafter: “**the Company**” or “**Baran**”) has adopted the Code of Ethics and Business Conduct of the Company as stated in this document (hereinafter: “**the Code**”). This Code shall apply to all officers of the Company, including its directors and employees.

The Code is intended to collect all the tenets, which the Board of Directors of the Company believes have been designed, in a reasonable manner, to detect impropriety, , and to promote, *inter alia*, the following principles:

- Honest and ethical conduct including ethical management with respect to actual or apparent conflicts of interests that are likely to arise between the Company’s interest and a personal interest.
- Full, fair, accurate , clear and timely disclosure, of reports and documents that the Company submits or issues to the public by virtue of law and in the context of other public notices that the Company publishes.
- Observance of customary laws, rules and government regulations..
- Immediate internal reporting of any violations of this Code, as well as
- Bearing responsibility for the failure to adhere to this Code.

Nonetheless, none of the provisions of this Code should be regarded as creating any right whatsoever in favor of any third party, including shareholders, an officer, director or any employee of the Company or of any subsidiary thereof, in the event of a violation of a provision of this Code.

## **Principles**

The Company shall conduct its business honestly, fairly and in an ethical manner, while respecting its business partners, and avoiding any deception, misrepresentation or any other improper conduct. The Company views the fulfillment of the provisions of law on its part or any one acting on its behalf as the minimum standard, and acts of its own volition with respect to subjects with social implications, beyond the requirements of the law, in applying advanced norms of social responsibility. The Company is careful to fulfill its assurances and undertakings, resolve problems in an ethical fashion and build relations that are based on trust with its business partners.

## **Good Management**

1. Baran's policy is to maintain high standards of accountability and ethics and to surpass its competitors in a fair and equitable manner. Every officer, director and employee must endeavor to respect the Company's clients, suppliers, contractors, competitors and employees, and to conduct fair business dealings with them.
2. In order to encourage honesty and avoid impropriety in business, every employee of the Company and the members of his immediate family shall refuse to accept any benefit whatsoever including gifts, free service, discounts, loans, unlimited hospitality or any other particular benefit whatsoever from Company clients, suppliers, contractors and competitors, whether or not he has requested such benefit,. Every employee must notify his superior if another employee of the Company receives such benefits from time to time.
3. No officer, director and employee of the Company shall endure any form of harassment based on race, color, religion, gender, nationality, age, disability, pregnancy or sexual orientation.

## **Competition**

4. The Company shall encourage competitive conduct, which is to its social and environmental benefit, demonstrate respect to competitors and preserve the

proprietary rights of others. The Company shall refrain from using illegal or improper means to further its business or for any other purpose.

### **Conflict of Interests**

5. A director, officer or employee shall act and perform his functions on behalf of the Company, its subsidiaries and the entities affiliated with it in an honest and ethical manner, which is consistent with this Code.
6. Every employee is required to report to his immediate superior all the essential facts related to a connection or a financial matter, which de facto creates or is likely to create, directly or indirectly, a conflict of interests. Conflicts of interests are not always clear-cut. Accordingly, if a question arises, the employee must consult his superior or act pursuant to the provisions of “Substantiation of the Code of Ethics,” which are specified here below in this Code. A senior officer and director must make similar reports to the Review Committee and chief financial officer.
7. A conflict of interest is likely to comprise the following:
  - If a director, officer, employee or any member of his family should derive a personal benefit from an act or omission on the part of the director, officer or employee, while acting on behalf of the Company, which is not to the benefit of the Company.
  - If a director, officer or employee should act in a manner or has an interest that will make it difficult for him to fulfill his duties in an objective and efficient manner.
  - A director, officer or employee or a member of his family receives a personal benefit from an entity, which is not the Company, as a result of his work at the Company.
8. Directors, officers or employees must strive to avoid also the ostensible appearance of a conflict of interests, that is, to avoid a situation wherein a

reasonable observer would assume that there is a conflict of interests, which would lead to activity on the part of the director, officer or employee on behalf of the Company, which is not objective.

#### **Public Notices and Disclosures By Law and Other Public Notices**

9. As a registered limited company traded on the Tel Aviv Stock Exchange, the Company is obliged to act pursuant to the rules of proper disclosure as determined in pertinent legislation and regulations.
10. It is Company policy to provide full, fair, accurate, clear and prompt disclosure while observing the law, rules and regulations that are customary, in all reports and documents which the Company submits or issues to the public by means of the Securities Authority (hereinafter: “**the Authority**”) and in all other public notices which it publishes.
11. If the General Director, chief financial officer, internal auditor or any other person who fulfills a similar position (hereinafter: “**a Senior Financial Director**”) learns of essential information, which, within the context of the requirements for proper disclosure with which the Company must comply, must be included in the documents it submits or issues to the Authority or in other public notices, he shall bring this information forthwith to the attention of the Company employees responsible for preparing such notices.
12. A Senior Financial Director shall bring to the attention of the Review Committee any information of which he is aware that pertains to (1) disciplinary infringements that are likely to negatively impact on the Company’s ability to register, process, summarize and report on financial data or (2) any sort of fraud or deception at all, whether material or not, which involves directors or other employees who hold significant positions with respect to the Company’s financial reporting, its disclosures or its internal audits.

#### **Information on the Company and Non-disclosure**

13. A director, officer or employee shall maintain the privilege of information disclosed to him in the course of his work, unless the Company authorizes the

disclosure of the information or he is required to disclose it by law. A director, officer or employee shall not make use of privileged information acquired in the course of his work in order to derive personal advantage, whether genuine or apparent. A director, officer or employee shall act pursuant to the policy of privilege customary at the Company, which the Company has adopted from time to time and pursuant to the terms of confidentiality agreements to which the Company is party.

14. Furthermore, every director, officer and employee who retains essential information is obliged to safeguard the privilege of the information prior to the date of its publication, all in accordance with the policy of not using internal information of the Company.

#### **Upholding the Law**

15. The Company shall act in a manner that does not lead to a violation of the regulations and laws customary in Israel. The Company views the fulfillment of the provisions of the law, on its part and those acting on its behalf, as the minimum standard.
16. The senior administration of the Company shall encourage and support every director, officer and employee of the Company, its subsidiaries and the entities affiliated with it, to uphold the law, rules and regulations which apply to its business and activities.
17. Every employee shall observe and comply with the laws customary in the fields wherein he operates. Notwithstanding that it is not expected of every employee to have knowledge of all the particulars of these laws, it is important to be sufficiently familiar with them so as to be able to determine when it is necessary to request the advice of a superior, director or other appropriate employee. If it is not clear to an employee what the legal situation is, he shall consult a superior, director or other suitable employee prior to taking action.
18. Outside of Israel, the Company shall respect the laws and the culture of the country wherein it operates, and shall demonstrate respect for the local

community on issues of religion and culture, as well as everything, which pertains to resources such as water, land, air and energy.

### **Business Opportunity**

19. Every director, officer and employee is under the duty to promote the legitimate business interests of the Company when he encounters a business opportunity.
  
20. A director, officer or employee:
  - Shall not undertake a business opportunity that materializes through the use of Company information or status or property without the consent of the Company.
  
  - Shall not allow any entity save for the Company to utilize a business opportunity in the fields of the Company's activities, if access thereto or knowledge thereof has reached him in the course of his activities in the Company, unless the Company has explicitly decided not to try and utilize the business opportunity.
  
  - Shall not use the property and information of the Company or his position therein in any other manner in order to derive personal gain.
  
  - Shall not compete with the Company directly or indirectly (in general or with reference to certain transactions).
  
21. A director, officer or employee of the Company may not use the Company's assets or funds for an unlawful or improper purpose.

The Company shall not authorize and shall not fully or partially exempt from liability, any director, officer or employee who has made any unauthorized payment of bribery, inducement or commission to any third party.

A symbolic gift or benefit of small monetary value to a third party is likely to be acceptable, however, this is subject to the reporting of such gift or benefit to the

senior administration of Baran in order to ensure its propriety. Likewise, any acceptance of such presents or benefits must be documented.

### **Utilization of the Code of Ethics**

22. The Company and those acting on its behalf must apply and utilize this Code of Ethics. At the end of each year, in the course of the first quarter, the officer in charge of the application of the Code of Ethics in the Company (hereinafter: “**the Officer in Charge**”) shall examine the Code of Ethics and bring his recommendations for its amendment to the Board of Directors of the Company, in light of the lessons learned from its application during the past year.
23. If an employee suspects that there has been a violation of the Code of Ethics or of a part thereof or fears that certain circumstances are likely to lead to a violation of the Code, he shall discuss the situation with his immediate superior (hereinafter: “**the Immediate Superior**”). Likewise, if in the circumstances of the case, it is undesirable to involve the Immediate Superior, he can turn to the Officer in Charge or the legal advisor of the Company.
24. The Immediate Director and/or Superior and/or legal advisor of the Company shall act to resolve the violation with a suitable degree of confidentiality and in cooperation with those same senior entities of the Company for the proper resolution thereof, and without causing detriment to the entity that exposed the violation.
25. In the event that a director or officer or senior employee knows or suspects that a violation of the Code or a part thereof has occurred, or suspects that certain circumstances are likely to lead to such a violation of the Code, or fears that a director, officer or senior employee has contravened or is likely to contravene the Code, he shall turn to the Officer in Charge or the Review Committee or the legal adviser of the Company and discuss the situation. He shall approach the aforementioned discreetly, while preserving the duty of non-disclosure.
26. Failure to report a violation is likely to lead to disciplinary measures being taken against the person who has failed to report the infringement. The disciplinary

measures are likely to be as serious as the measures that shall be taken vis-à-vis the violator of the Code.

27. In the event that unethical conduct and particularly unlawful conduct is discovered within the Company, the following measures shall be taken:
  - A. Disciplinary measures shall be taken against the violator.
  - B. The incident shall be discussed by the Board of Directors of the Company, which shall consider whether to publicize it among the employees of the Company or a section thereof, with the aim of preventing the recurrence of similar incidents in the future.
  - C. Steps shall be taken to rectify the wrongdoing and changes shall be implemented to prevent the recurrence of a similar contravention in future.

#### **Amendments to the Code of Ethics**

28. Any authorization to a director, officer or employee of the Company to materially depart from the provisions of the Code shall be made solely with the approval of the Review Committee.
29. Any amendments and updates of the Code of Ethics shall be brought for authorization to the Board of Directors of the Company.
30. Wherever the language used is of the male gender it shall also refer to the female and vice versa. Wherever the language used is in the singular person it shall also have the meaning of the plural and vice versa.

This Code shall apply to all officers, directors and employees of the Company.