

# **Compliance Program**

**For the Detection and Prevention of  
Corruption and Bribery Offenses, including to  
Local and Foreign Public Servants**

## **Danya Cebus Group**



## Table of Contents

<b>General</b> .....	<b>4</b>
<b>A. Introduction</b> .....	<b>4</b>
Objectives of the Compliance Program.....	4
Definitions .....	5
<b>B. The legal framework</b> .....	<b>5</b>
What is accepting a bribe.....	6
Manner of bribery .....	6
Bribery beyond the borders of Israel .....	7
<b>C. Lobbying and the slippery slope to a bribery offense</b> .....	<b>8</b>
Bribing brokering offense.....	9
Bribery in the private sector .....	10
Policy, regulations and rules of conduct .....	10
<b>D. Rules of thumb - Bribery offenses</b> .....	<b>11</b>
General prohibition .....	11
Hiring lobbyists.....	11
Hosting public servants .....	12
Travel expenses.....	13
<b>E. Gifts</b> .....	<b>13</b>
Bestowing of gifts to public servants .....	13
<b>F. Engaging with lobbyists</b> .....	<b>14</b>
Obtaining the required approvals prior to engagement .....	14
Manner of engagement .....	14
Payments to a lobbyist.....	15
Inter-corporate transparency.....	15
<b>G. Exposure of the Company and its employees to sanctions</b> .....	<b>15</b>
Criminal sanctions .....	16
Disciplinary sanctions.....	16
<b>H. Compliance Officer and the roles of the legal department</b> .....	<b>16</b>
Compliance Officer.....	16
Job description .....	16
<b>I. Reporting to compliance officer and performing audits</b> .....	<b>17</b>
Conducting inquiry procedures.....	17
<b>J. Training</b> .....	<b>18</b>
Receipt of the program .....	18
General training .....	18
Refreshers and updates .....	19
New employees.....	19
General.....	19

<b>Appendices .....</b>	<b>21</b>
<b>Appendix 1 - Guidelines for hosting a foreign public servant .....</b>	<b>21</b>
<b>Appendix 1.A. ....</b>	<b>22</b>
<b>Appendix 2 - Declaration Form - Prevention of Corruption .....</b>	<b>23</b>
<b>Appendix 3 - Due Diligence Questionnaire for partners, agents, or other relevant entities for the promotion of the Company's business.....</b>	<b>24</b>
<b>Appendix 4 - Reporting Form to compliance officer regarding violations of the program or law .....</b>	<b>25</b>
<b>Appendix 5 - Certification Form - Compliance with provisions of the Compliance Program for detection and prevention of corruption offenses and bribery of local and foreign public employees .....</b>	<b>26</b>
<b>Appendix 6 - Confirmation of Attendance at training or update to Compliance Program .....</b>	<b>27</b>

## General

### A. Introduction

1. Danya Cebus Ltd. including all its subsidiaries in Israel and around the world ("**Danya**" or the "**Company**"), is committed to the highest level of business and ethical conduct whilst maintaining integrity and morality.

In doing so, the Company implements a strict policy according to which all its operations must be conducted in accordance with the law. As an integral part of this policy, maintaining an organizational culture of compliance and adherence to relevant norms for the prevention of corruption and bribery offenses are an integral and significant part of the Company's business practices, in Israel and around the world.

2. The Company's management has voluntarily created this Compliance Program in order to implement appropriate and proper patterns of behaviour, thus ensuring compliance of the Company and all its employees and relevant entities - directors, officers, consultants, representatives, contractors, vendors, service providers, agents and lobbyists (hereinafter: "**Relevant parties**") - with the variety of by-laws, laws, regulations, relevant applicable norms and procedures, as set forth in this Program below.
3. It should be emphasized that the Company has a **zero tolerance policy for any action by any of its employees or relevant entities - junior or senior - afflicted by bribery or any corruption**. This out of full compliance with the law and from a business view that only in this manner can the Company's affairs be conducted in the best possible way whilst maintaining the longstanding trust of its customers, banks and third parties.
4. This Compliance Program supplements the Company's existing enforcement program regarding competition, and does not replace its instructions.

### Objectives of the Compliance Program

5. This Program is intended to characterize and identify incidents, actions and circumstances that may raise suspicion of corruption and bribery offenses, including specific identifying of a bribery request by a local or foreign public servant or of the handing of bribes to a local or foreign public servant - and instructs Company employees regarding the handling of such incidents, in Israel and in every country in which Danya operates.
6. The Program will assist the Company's employees to act in accordance with all applicable laws regarding prevention of corruption offenses in general and bribery of local and foreign public servants in particular (hereinafter: "**Relevant legislation**"). This is in line with the unique character of the Company and its areas of activity, in Israel and around the world, and in accordance with the relevant laws applicable in each of the countries in which it operates.
7. The Program is also intended to establish clear criteria for conduct in the presence of public servants and implement rules for reporting and control, ensuring the Company engages with

the relevant parties (as defined above) and with other legal companies and entities lawfully and in accordance with the law of contracting in the relevant state, while maintaining ethicality and

avoiding even the mere semblance of corruption.

### **Definitions**

8. This Compliance Program applies to all employees of the Company and its subsidiaries in Israel and around the world, and to all actions by relevant parties on behalf of the Company, or to the Company's contracting with them.
9. "Public servant" in this Program - implies any employee in public service and any employee in a corporation or organization providing a service to the public, as defined by law.
10. Company employees' attention is drawn to the fact that a public servant is not necessarily one who is permanently employed by state institutions, but also one who by virtue of its specific role acts for the benefit of the public - such as private construction supervisors involved in a public project, engineers hired by a public institution for supervision, local authority contractors and any person acting on behalf of a corporation that provides a service to the public - even if it is not necessarily a state institution.
11. In this Program - the term public servant refers to both a local and a foreign public servant (i.e. outside Israel), to the extent not stated otherwise.

### **B. The legal framework**

12. The Company operates in a number of markets around the world. Hence, the Company and its employees and all relevant parties must comply with the applicable laws regarding bribery and corruption in each of the countries and jurisdictions in which the Company operates.
  - 12.1 Israel - Where the prohibition on bribery in local and international transactions is provided in the relevant sections of the Penal Code, 5737-1977 as detailed below (hereinafter: the "**Penal Code**").
  - 12.2 United States - To which the FCPA - United States Foreign Corrupt Practices Act -applies. The FCPA prohibits payments, offers or promises of payments or any other benefit, to foreign officials and employees, directly or indirectly through third parties, whose purpose is to influence an action or decision (including a decision to refrain from action) by foreign officials and public servants), or an attempt to cause them to act unlawfully, in a manner that benefits or serves the interests of the Company or provides it with an unlawful advantage. Breach of FCPA provisions may result in the imposition of significant economic and criminal sanctions, including a demand for repayment of bribe profits, administrative and criminal fines - all in addition to lengthy prison sentences.
  - 12.3 Europe - Additional local laws applicable in countries where the Company operates, that stipulate the prohibition on bribery of public servants and other acts of corruption.
  - 12.4 International conventions applicable to the Company in Israel and in the countries in which it operates, such as the OECD Convention on Combating Bribery of Foreign Officers in International Transactions; And the United Nations Anti-Corruption Convention.
13. Although a bribery offense is defined differently under different laws in each country and in different treaties - bribery can generally be characterized as an offer, promise or grant - directly or indirectly

through a third party - of a certain benefit - monetary (or equivalent) - to any body, organization or person;

This in order to gain a business or other advantage by the giver or briber.

### **What is accepting a bribe**

14. The offense of accepting a bribe in Israel is set forth in Section 290 of the Penal Code:

**290. (a) A public servant who accepts bribe for an action related to its function, incurs - a ten year imprisonment sentence or one of the following fines, the highest amongst them:**

**(1) Five times the fine referred to in Section 61(a)(4), and if the offense was committed by a corporation - ten times the said fine referred to in Section 61(a)(4);**

**(2) Four times the value of the benefit it obtained or intended to obtain by the offense.**

**(8) In this section, a 'public servant' - includes an employee of a corporation providing a service to the public".**

The bribe can be monetary, money equivalent or any other benefit, even if low in value.<sup>1</sup>

15. "**Public servant**" is defined in section 34X of the Penal Code, in which are included, inter alia, civil servants, local authorities and local education authorities and employees of religious councils.

16. In addition, one who works for a corporation that provides a service to the public, as well as one who has yet to commence public office, can and will be deemed a public servant for the purpose of bribery.

17. Thus in Israel, three components are necessary for a bribery offense to take place: First component - the recipient of the bribe is a **public servant**; Second component - the public servant accepts a **bribe defined as some benefit, monetary or equivalent**; Third component - the gift must be accepted **in exchange for an action related to the public servant's public role**.

18. In this regard the case law interprets the accepting of bribe "in exchange for an action related to one's job" in a very broad way, so that it is sufficient that the act is carried out within the organizational framework in which the public servant operates, or whilst using the connections and ability to act and influence that arise from its workplace or the role it fulfils.<sup>2</sup>

### **Manner of bribery**

19. A bribery offense is defined in section 291 of the Penal Code:

**291. One who gives a bribe to a public servant as per its definition in Section 290(b) in exchange for an action related to its position, is liable to imprisonment for seven years or a fine as stated in Section 290(a).**

20. As stated, Israeli law does not attach importance to the question of the manner in which bribes are

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<sup>1</sup> Section 293 of the Penal Law.

<sup>2</sup> Criminal Appeal 5822/08 **Tritel v. State of Israel** (published in Nevo, 12.03.2009) (hereinafter: "**Tritel Ruling**"); Appeal Authority 3352/06 **Buzaglo v. State of Israel** (published in Nevo, 12.06.2008); According to 534/78, **Kublanio v. State of Israel** LD (2) 281 (1979).

given - "in money or equivalent, service or other benefit"; Any reward, even the most negligible, may be deemed an offense.

21. Equally, **it is irrelevant whether the request for bribery was accepted or denied.**
22. It is very important to emphasize that the law imposes criminal liability even when the bribe offer was not accepted at all by the public servant, since, "**one who offers or promises a bribe, even if it is rejected, is regarded a bribe-giver**".
23. It is also not required that a public servant receive the bribe itself or enjoy it, and it suffices that the bribe was given to the public servant or in its favour, or even given to a person or corporation that the public servant desires to help. For example, a benefit offered to a family member of a public figure or to another corporation in which the public figure has an interest - may be deemed a bribery offense even if the offer was rejected and even if no actual benefit was transferred.
24. Concrete example - making a significant donation to a humanitarian organization such as Yad Sara was recognized as bribery in a ruling, because the then mayor, Mr. Lupolianski, founded the organization and had a substantial interest in it - while the donor was an entrepreneur in Jerusalem<sup>3</sup>.
25. By the same token, it is not required that a public servant who has actually received a gift or offer deviate as a result of receiving the gift. For example, giving tickets for a sporting event to a local authority construction inspector even without a subsequent demand for a benefit in return - may be deemed a bribery offense if given in connection with the construction inspector's work on a site<sup>4</sup>.
26. In Israel, a court ruling also recognized an offense of **inducement bribery**, which means **awarding a benefit to a private individual who is not the public servant itself** - in order for the latter to motivate the public servant to deviate and provide the giver with a business advantage or other in connection with its role. For example, making payments to a private engineer in order for the latter to exercise its influence over a municipal employee close to it to prioritize the interests of a company.

#### **Bribery beyond the borders of Israel**

27. In addition to offenses related to local events - citizens and residents of Israel may also be prosecuted for offering a bribe or giving a bribe outside of Israel's borders.

The offense of **bribery of a foreign public servant** is defined in Section 291A of the Penal Law:

**291 a. (A) A person who gives a bribe to a foreign public servant for an action related to its role, in order to obtain, secure or promote a business activity or other advantage in respect of a business activity, is legally liable as a bribe-giver under Section 291.**

**(8) No indictment shall be filed for an offense under this section except by written consent of the Attorney General.**

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<sup>3</sup> Criminal Appeal 4456/14 **Kellner v. State of Israel et al.** 49 (published in Nevo, 29.12.2015) (hereinafter: "**Holyland case - appeal to the Supreme Court**").

<sup>4</sup> See, for example, Criminal Appeal 4506/15 **Zvi Bar v. State of Israel** (Published in Nevo, 11.12.2016) in which it was determined that "the foundations of the bribery offense do not require proof of deviation, and such an offense is formed even where the actions of the public servant were consistent with the public interest".

28. According to the Penal Code, a foreign public servant may be any of the following:
- 28.1 An employee of the foreign state and anyone who holds public office or holds a public role on behalf of the foreign state;
  - 28.2 Holder of a public office or holder of a public office on behalf of a public body established under the legislation of a foreign state, or on behalf of a body under the direct or indirect control of a foreign state;
  - 28.3 An employee of an international public organization, and anyone who holds a public office or holds a public office on behalf of such an organization.
29. Please note that Israeli law permits the prosecution of an individual in Israel as aforesaid even in respect of events that have no connection to Israel. An Israeli investigation into bribery of a foreign public servant bears inordinate severity, because the mere prosecution in Israel does not negate criminal and civil liability also in the country where the actual act was committed. Thus, for example, an individual may be prosecuted in Israel for a bribe offered abroad and may even be subject to extradition proceedings for the same offense.

### **C. Lobbying and the slippery slope to a bribery offense**

30. The reality of the workings of government authorities at this day and age and the excess bureaucracy and regulation in the complex area of planning and construction, often require the help of lobbyists who are well versed with the workings of the authorities and can locate and resolve bureaucratic barriers. Occasionally the lobbyists may also complete relevant forms, speak daily and regularly with the officials involved regarding relevant issues, and ensure that

the handling of the application is progressing appropriately. The lobbyist may also be familiar with the administrative procedures of the authority's officials and proficient at presenting them with the approvals and documents needed to advance the licensing process.

The law does not prohibit contacting an outside party as a lobbyist for assistance. However, the ruling states that the use of a lobbyist as an entity that "regulates and smoothes" matters and bureaucratic processes in the offices of public bodies and among policymakers and decisionmakers, and as such uses its personal connections with elements in the public system - is an unacceptable phenomenon, and a corrupting one as such.<sup>5</sup>

Accordingly, the court has laid down a series of provisions under which lobbyists must act and which distinguish between legitimate lobbying and improper and prohibited intervention. As a rule the distinction is a bit complex and the limits of the criminal prohibition in this context are not yet sharp and clear enough; However, the following guidelines can be relied upon to distinguish between legitimate lobbying and prohibited lobbying:

Legitimate lobbying: Provides decision makers with information, situation analyses and ideas with respect to relevant issues. In this context, the lobbyist presents the position, preferences and needs of the entity in whose favour it is acting and tries to **convince the public servants by providing**

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<sup>5</sup> Holyland Case - District Court, Page 598.



relevant information and on the basis of professional and relevant reasons.<sup>6</sup>

Prohibited lobbying: relies on providing monetary, property, product or service equivalent benefits; And is based on personal relationships, protection or other connections between the lobbyist and the public official, in respect of which a **prohibited preference is given to the lobbyist and the company it represents**.

Prohibited preference may be - decision making, acceleration or slowing down of the decision making process, provision of a business or other advantage to the lobbyist and the company it represents, providing information to the lobbyist and so on.

### **Bribing brokering offense**

31. The offense of brokering a bribe, **which is the main offense in relation to the activities of lobbyists**, includes two different and separate offenses in practice.

The one offense (known as "**Monetary bribery**") is the classic brokerage offense - paying money (or money equivalent or any other benefit) to a lobbyist in order for the latter to transfer it to the public servant as a bribe [Section 295 (a) of the Penal Code].

The second offense (known as "**Inducement bribery**") - is the payment of money (or monetary equivalent or any other benefit) to a lobbyist so that the latter will induce the public servant to act impartially, in a discriminatory manner or in a manner exceeding the law. This, even if the money is **not** intended to eventually reach the public servant [Section 295(b) of the Penal Code].

See the wording of the law below:

**295 .(a) The recipient of money, money equivalent, service or other benefit for the purpose of offering a bribe - is deemed a bribe-taker; And it does not matter whether a consideration was or was not given in exchange for the mediation, to it or to another and if it intended to give a bribe or not.**

**(B) The recipient of money, money equivalent, service or other benefit for the purpose of inducing, itself or by another, a public servant as stated in Section 290(b) or a foreign public servant as stated in Section 291A (c) to impartiality or discrimination - is deemed a bribe-taker.**

[...]

**(C) The recipient of money, money equivalent, service or other benefit to the recipient as stated in subsections (a) or (b) - is deemed a bribe-giver...**

**(D) For the purposes of this section, "receipt" - includes acceptance on behalf of another or by another.**

32. The law therefore determines that the bribing brokering offense applies to the **mere engagement**

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<sup>6</sup> See, for example, the Knesset Law (Amendment No. 25), 5768-2008, known as the Lobbyists Law. The law sets out, inter alia, that a lobbyist is prohibited from operating in the Knesset without a permit from the Knesset Committee, lobbyist must wear a special badge that identifies it as a lobbyist, it must introduce itself as a lobbyist in any contact as well as disclose the name of the client on behalf of which it is operating. Moreover, lobbyist is prohibited from offering or granting any benefits to Knesset members, and it is prohibited from threatening, pressuring, seducing or causing the Knesset member to commit to a certain vote or action towards the lobbyist or its envoy.

between the giver and the lobbyist, even if at the end of the day the lobbyist did not contact the public servant at all<sup>7</sup>. According to the ruling, **in order to determine that it is inducement bribery - it suffices that the purpose of the inducement is contrary to the law or the authority's procedure.** For example, the employment of a lobbyist who does not have a suitable professional background and its abilities may be summed up in its good relations with the public official and in its ability to influence that official to grant priority in care to the giver over others under its care - such engagement may be considered inducement bribery.

33. The two bribery brokering offenses (inducement bribe and monetary bribe) therefore deal with a situation in which there is no direct connection between the bribe-giver and the public servant, but at most an indirect connection via an intermediary - the lobbyist, with the offense occurring due to the **illicit employment of the lobbyist**. This applies whether the goal is for the lobbyist to transfer the money or benefit to the public servant ("monetary bribe") or whether the purpose is for the lobbyist to induce the public servant to act in a **discriminatory manner, or deviate from procedure** ("inducement bribe").
34. **Therefore, the relevant question that every Company employee must ask itself is why and for what purpose is the lobbyist actually receiving the funds?** If the money is given, *inter alia* (and not necessarily as the main or sole reason) for the lobbyist to induce (itself or by another) the public servant to act in a discriminatory or impartial manner - **then it is an improper payment and absolutely forbidden.**
35. Attention is drawn to the fact that it is sufficient that the purpose of the engagement with the lobbyist is to cause the public servant, in the exercise of its discretion, to introduce a foreign consideration into its system of considerations, for the matter to border on the intricacies of a bribery offense.
36. **Therefore, the unequivocal directive of the Company to all its employees and to all the relevant factors defined above is that the rules of conduct detailed immediately below must be observed, and borderline cases must also be avoided. The Company's position is that "If in doubt there is no doubt" and adherence to the rules of conduct is preferable to the loss of any transaction or project.**

**In any case of doubt, consultation or question, the compliance officer and / or the legal department should be contacted, and independent discretion should not be exercised.**

#### **Bribery in the private sector**

37. Along with the strict adherence to the provisions regarding bribery of Israeli and foreign public servants, it is clarified that the prohibitions applicable to bribery and corruption may apply in certain cases even in connection with the private sector.
38. **For any question, doubt or consultation please contact the compliance officer and the legal department.**

#### **Policy, regulations and rules of conduct**

39. The Company's employees must be familiar with the rules listed below and act in accordance thereof

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<sup>7</sup> Holyland Affair - Appeal to Supreme Court

and in accordance with the provisions of this Compliance Program. The Company has a policy of zero tolerance for **any deviation from the provisions of the law and the provisions of this Compliance Program**, see further information in Chapter G below.

40. The following is an excerpt of rules of thumb for observance of the provisions of the law in matters of bribery offenses, followed by the Company's policy regarding visits by public servants, the bestowing of gifts and engagements with vendors, service providers, lobbyists and the like.
41. It is clarified that the purpose of the rules of thumb set out below is to illustrate the provisions of the law in day-to-day operations and emphasize the relevant key rules for the benefit of the Company's employees. **These rules do not replace the requirement for an in-depth knowledge of the legal framework set out above, and the acting in accordance with it**, and they certainly do not replace professional advice from the compliance officer in any case of doubt. Please note that under Israeli law, ignorance of the law does not exempt one from criminal liability.

## **D. Rules of thumb - Bribery offenses**

### **General prohibition**

42. As set forth above, all employees of the Company including its managers and directors, shall fully refrain from giving, offering or guaranteeing any consideration or benefit, monetary or equivalent, to public servants in any way.
43. All Company employees, including its managers, directors and all those acting on its behalf, must also fully refrain from instructing, approving or allowing a third party to make a prohibited payment on their behalf; Or even pay a third party out of knowledge or suspicion that the payment will more than likely be improperly delivered by it to a local and / or foreign public servant.
44. In this regard, the avoidance of clarification is construed as full awareness. The Company will not tolerate payments on the assumption of "**he did not tell me and I did not ask**". It should be inquired, verified and ensured that payments to a third party such as a licensing / lobbying agent are to the extent justified by its work, as will be clarified below, and that the latter is well aware of Company policy stating that no use shall be made of such receipts by way of a transfer to another.
45. Care must also be taken to ensure that any service provider employed by the Company - where during its normal course of business is required or may be required to work with public servants as defined in the law and in the Compliance Program (see Sections 9-10 and 15 above), or may come in contact with such public servants, be aware of the limitations set forth in this Compliance Program, and if relevant, service provider must sign an anti-corruption declaration form (**Appendix 2**) - as detailed below.

### **Hiring lobbyists**

46. Only the services of lobbyists with relevant experience in the field (such as architects and other professionals, or with relevant knowledge including in the areas of planning and construction licensing, and permits) should be hired. **In the event of a doubt as to a lobbyist's appropriate experience and background, this issue should be clarified prior to engagement.**
47. It is prohibited to hire lobbyists whose professional experience is based on personal acquaintance with a public servant.

48. It is permissible to pay lobbyists only for work performed in practice.
49. In general, an engagement based on a 'contingency fee' alone should be avoided. In the event that it is not possible to agree with the lobbyist on a non-contingent salary, the matter must be brought before the compliance officer for approval.
50. The scope of the work and its terms must be summarized prior to its commencement, in a written agreement prepared by the legal department.
51. .The approval of the compliance officer must be obtained for any contract with a lobbyist, including all its terms, **in advance and in writing**, see Chapter F below.

#### **Hosting public servants**

52. The Company has a strict policy regarding the financing of business visit expenses (hereinafter: "**hosting**") - including financing meals, travel, accommodation, entertainment or other hosting expenses, in general and for public servants (local and foreign) in particular.
53. Any payment or benefit to an **Israeli** public servant, including hospitality expenses related to the public servant's visit to the Company's facilities and projects carried out by the Company - is **strictly prohibited**. So for example, if the need arises for a joint meal in a restaurant with a public figure, the Company employee will make sure to explain to the public figure that employee is prohibited by Company procedures from paying on its behalf and apologize for this.
54. Financing of accommodation expenses of **foreign** public servants, for private and personal needs that are not related to the Company's business activity - **is prohibited**.
55. Hosting **foreign** public servants for **business** purposes, including expenses for meals, travel, entertainment, etc., shall be done in a proportionate, reasonable manner, and in accordance with what is customary in visits of the relevant type. **Legitimate expenses are only expenses that meet the provisions of this section and which are based on a specific business need and are clearly related to the purposes of the hosting as specified in writing** (see Section 56 below).
56. Prior to hosting, the employee responsible on behalf of the company for hosting a foreign public servant will receive the document "Guidelines for hosting a foreign public official" attached as **Appendix 1** to this program, will carefully study the guidelines detailed therein, and will provide a full breakdown of all hosting details including: purpose of hosting, a detailed schedule, details of the transaction subject of the visit, the identity of the guests, the scope of the anticipated expenses and how they will be recorded and documented in the Company books.  
  
The report (attached as **Appendix 1.A.** to the program) - including the details of the anticipated hosting expenses - must obtain the **prior written** approval of the compliance officer. If possible, the employee responsible should strive to forward the report to the compliance officer no later than one week prior to the start of hosting.
57. No later than one week following the end of the hosting, the employee responsible shall submit a written report regarding compliance or non-compliance with the planned hosting expenses to the compliance officer.
58. If the hosting is intended for the promotion of a particular transaction, transparency must be

maintained via a letter sent to the guest. The letter will state the purposes of the visit and the expenses to be financed by the Company. As far as possible, unfinanced expenses should also be mentioned.

59. In any case, all payments and expenses for such hosting, including payments to hotels, restaurants, flights, travel agencies and other services, **shall be paid directly to the relevant businesses by the hosting employee**. To the extent that this cannot be performed, **the compliance officer should be notified in advance** and action should only be undertaken pursuant to its instructions.

### **Travel expenses**

60. Any payment to an Israeli public servant, or other benefit, in connection with its arrival for a visit at a Company site, in Israel or abroad - is strictly prohibited.
61. Travel expenses will be paid to **foreign** public servants only when these expenses are directly related to the business purpose for which the public servant came to Israel or to another country to which a visit was required for the furthering of the Company's business.
62. The Company will not bear the expenses of guests accompanying the public servant's visit not by virtue of their role (such as family members) - unless the compliance officer confirmed it, for special reasons to be recorded and documented.
63. **Reimbursement of travel expenses, as required in the circumstances of the case, shall be examined thoroughly by the compliance officer and the legal department, and in any case will be granted subject to submission of receipts.**

## **E. Gifts**

### **Bestowing of gifts to public servants**

64. The Company has a strict and severe policy regarding the bestowing of gifts to public servants, local and foreign. **Each** gift to a public servant must receive the **prior written** approval of the compliance officer, and meet the following requirements:
- 64.1 Be bestowed in good faith and **totally devoid** of any business purpose;
- 64.2 Be bestowed in good faith, and without external motives or considerations, including a desire to influence the recipient of the gift or the expectation of reciprocity and receipt of gifts in the future;
- 64.3 Be bestowed openly;
- 64.4 Be reasonable, proportionate and acceptable in the circumstances;
- 64.5 Be of low or symbolic value (as well as not overly generous, luxurious or "eye-popping");
- 64.6 Be bestowed in accordance with accepted professional standards of gifts of the kind bestowed by officers or employees of international corporations of the likes of Danya Cebus.
- 64.7 Be bestowed as part of the overall Company policy and not in an exceptional manner to the

public figure; For example, to the extent that the Company is bestowing a uniform holiday gift to employees in a particular project, it is possible with compliance officer's approval to send the same gift to construction supervisors, subject to the restrictions set forth here.

**64.8 A gift will never be monetary or payment of any kind.**

65. Your attention is drawn to the "Discount Procedure - Change of Tenants" created by Danya, instructing that discounts to tenants be awarded solely in accordance with the procedure, subject to the necessary approvals therein, and subject to the signing of a statement according to which the discount recipients, their relatives or close friends are not public servants.

## **F. Engaging with lobbyists**

### **Obtaining the required approvals prior to engagement**

66. Prior to any engagement with a lobbyist, the employee relevant to the project to be accompanied by the lobbyist must submit a proposal for specific engagement with the selected lobbyist, to the legal department. In doing so, a report must be prepared as detailed in Appendix 3 regarding the purpose of the engagement, including details regarding the following matters, and attached as an appendix to the agreement with the lobbyist:
- 66.1 The skills that render the lobbyist best suited for the job, including its experience and proficiency in the issues it will address, including how the relationship with it was forged;
  - 66.2 Examination of the lobbyist's past (including with regards to a criminal record) via the Internet and other means available to the legal department.
  - 66.3 Details regarding family ties or close friendships of the lobbyist to any public servants with whom it will come in contact.
  - 66.4 Details regarding the purpose of the engagement.
67. **Following the preparation of the report, approval of the compliance officer and the legal department for contacting the selected lobbyist must be obtained, in advance and in writing. In addition, a due diligence questionnaire completed by the lobbyist must be submitted to the legal department, see Appendix 3 attached to the program.**

### **Manner of engagement**

68. Each engagement with a lobbyist will be regulated via a written and detailed engagement agreement, which will include, inter alia, all of the following components:
- 68.1 Orderly and detailed job description.
  - 68.2 Details of the lobbyist's statement regarding its relevant experience.
  - 68.3 The lobbyist's declaration that it will act to promote the matter for which its services were hired without deviation from the law or procedure, and that it will act in accordance with the law.
  - 68.4 Milestones agreed upon in advance for the performance of the work and details of the actions required of the lobbyist.

- 68.5 A date known and agreed in advance in connection with payment of the consideration to the lobbyist.
- 68.6 A date known and agreed in advance for the termination of the contract.
69. The lobbyist shall sign the declaration form for the prevention of corruption (**Appendix 2**) and will declare its commitment to act solely in accordance with it and this form shall be attached as an appendix to the above agreement.
70. The lobbyist will complete the due diligence questionnaire (**Appendix 3**) and the questionnaire will be attached as an appendix to the above agreement.
71. It must be ensured that regular updates are received, as far as possible in writing, from the lobbyist - in relation to activities carried out by it. The employee relevant to the project accompanied by the lobbyist must be in constant contact with it for this purpose. The compliance officer and / or anyone on its behalf will from time to time contact the lobbyist and / or the aforesaid relevant employee, in order to ensure compliance with the provisions of this program and will document the main points of the correspondence.

#### **Payments to a lobbyist**

72. Care must be taken to initiate payment to the lobbyist in an acceptable manner similar to any payment to a vendor (for example: bank transfer or payee only cheques).
73. Care must be taken to produce invoices and receipts that properly reflect the service. The raising of an invoice to a body or person who are not the service provider itself or a company owned by it, should be avoided.
74. It must be examined **in advance** whether the consideration and payments to the contractor are reasonable and acceptable in relation to the position or service the lobbyist is expected to provide; With regards to the scope of the matter for which the lobbyist's services were hired; Regarding acceptable rates for such service in the marketplace; And in relation to the skills of the lobbyist or the skills required for the performance of the job or service.

In doing so, payment to each lobbyist should be examined in relation to payments to other lobbyists with whom the Company works.

#### **Inter-corporate transparency**

75. In any engagement with a lobbyist, compliance officer will confirm the contractual arrangement and its scope, **including the salary and payments to which it will be entitled, including payment dates.**
76. Email and text messages from lobbyists and licensing inducers should not be deleted. Moreover, to the extent that compliance officer or a representative of the legal department request, full documentation of all such correspondence shall be submitted for their perusal.

#### **G. Exposure of the Company and its employees to sanctions**

77. Failure by the Company or any of its employees to comply with the relevant prohibitions and legislation as set forth above may have significant and serious consequences for it and its employees as set forth below, including the exposure of the Company to criminal suits and heavy fines and the

exposure of its employees to imprisonment.

78. Thus, the Company maintains a zero tolerance policy regarding **any deviation from the provisions of the law and the provisions of this Compliance Program.**

#### **Criminal sanctions**

79. Israeli law provides for severe penalties in the case of bribery offenses. The maximum penalties are 10 years in prison for accepting bribes, and 7 years for bribing. The fine can be more than 1 million NIS (or double that in the case of a corporation), or four times the value of the benefit obtained or which was intended by the defendant - the highest of the two.
80. American law also provides for severe penalties in the case of bribery offenses, see details above.

#### **Disciplinary sanctions**

81. In addition to the criminal sanctions, a violation of any provision of this Compliance Program will constitute a disciplinary offense, with all that is implied, and will result in disciplinary proceedings against the violator.

### **H. Compliance Officer and the roles of the legal department**

#### **Compliance Officer**

82. The Company's management shall appoint a compliance officer who will be directly subordinate to the Company's general management.
83. The compliance officer shall have a legal education as far as possible.
84. There is no impediment to the compliance officer also serving as compliance officer for enforcement of the compliance provisions in accordance with the Competition Act.
85. The compliance officer shall itself and / or via someone on its behalf who holds the appropriate qualifications, carry out the enforcement actions in accordance with this Program.

#### **Job description**

86. The following tasks will be under the responsibility of the compliance officer:
- 86.1 Application and implementation of the Compliance Program in the Company.
- 86.2 Performance of ongoing monitoring regarding the implementation of the Compliance Program in the Company, and preparation of an annual report to be submitted to the Company's CEO and board of directors.
- 86.3 Conducting training of Company employees, from time to time, including through someone on behalf of the compliance officer, on the subject of corruption prevention and on matters related to this Compliance Program (see further detail in Chapter J below); And preparation of a detailed annual report that will include documentation of the trainings conducted, and the employees who participated in each of them.
- 86.4 Conducting due diligence processes in the case of third parties, insofar as such an examination is required at its discretion, and preparing a summary report that includes recommendations



in the case of each examinee. See also Due Diligence Questionnaire attached as **Appendix 3** to the Program.

- 86.5 Responding to inquiries and reports regarding violation of the Compliance Program, conducting investigative procedures, handling breach incidents and submission of a report with details of the said incident and the manner it was dealt with to the senior management and the board of directors. See also Chapter I below.
- 86.6 Take all necessary actions in the circumstances to ensure that all partners, agents, consultants and representatives of the Company, who during the ordinary course of business are required or may be required to work with public servants as defined in law and in the Compliance Program (see Sections 9-10, and 15 above), or who may come into contact with such public servants, sign a declaration form for the prevention of corruption (see Section 45 above) which will be attached to the contract of engagement with them (**Appendix 2**).
- 86.7 Retain and document all decisions, procedures, actions and reports made in accordance with the Compliance Program.
87. To the extent that a subsidiary or the Company's representatives abroad wish to engage with a licensing inducer or lobbyists in the country in which they operate, prior approval must first be obtained from the compliance officer regarding such engagement. The compliance officer, at its discretion, will examine the need to receive local legal advice for this action, subject to its scope and urgency.

## **I. Reporting to compliance officer and performing audits**

88. There is an **immediate** obligation to report to compliance officer any concerns or information regarding bribery, corruption or violation of any section of the Compliance Program, by any of the Company's employees including by its representatives, agents or partners; Or in the course of the Company's business activity.
89. It should be emphasized that an employee who reports offenses, violations of the applicable law or violations of this Compliance Program will not be damaged by such reporting. Such reports can also be submitted anonymously but with sufficient details allowing the compliance officer to continue its treatment.

A Report Form is hereby attached as **Appendix 4** to the program.

### **Conducting inquiry procedures**

90. The compliance officer and the legal department shall **effectively** investigate any case that raises a concern of a violation of any of the applicable laws or conventions, as well as any incident that raises a concern of non-compliance with the terms of the Compliance Program.
91. At the culmination of the inquiry procedure, the compliance officer will decide if to proceed in one or more of the following ways:
- 91.1 Archive the findings of the inquiry - insofar as it is found that there is no substance to the concern regarding the violation of the law.
- 91.2 Transfer the findings for external legal advice - to the extent that the reported case is found

to raise a concern of a violation of the law, the compliance officer will be assisted by external legal advice to examine measures to be taken to correct the violation or mitigate its damage.

- 91.3 Continuation of treatment by disciplinary proceeding - to the extent deemed necessary, treatment will be transferred to a disciplinary level, taking into account the degree of adherence of those involved in the case to the provisions of the law and the Compliance Program, and in accordance with the Company's Code of Ethics.
92. A report containing the results of the inquiry procedure, including details of the incident and the manner in which it was handled, will be forwarded to the Company's CEO.
93. All Company employees must fully cooperate with the inquiry procedure.
94. The Company shall respect the privacy of those involved as far as possible with regards to the case under investigation by the Compliance Officer, subject to the requirements of the law and the need to protect the interests of the Company.

## **J. Training**

### **Receipt of the program**

95. The Compliance Program will be published on the Company's website and employees will be notified of its publication and purpose. Any manager and employee who in the course of its duties may come into contact with public servants, lobbying agents or other relevant parties as defined in this program; Employees at the rank of project manager and above; As well as other employees as determined by the compliance officer, will receive this Compliance Program, review it in full, and will then sign a declaration stating they have read the Program, understood its contents and shall act in accordance with it (the declaration is attached as **Appendix 5** to the program). All signed statements will be forwarded to the compliance officer and will be filed with the legal department.
96. The main points of the program will be assimilated into the Company's Code of Ethics, which shall be attached to all employment contracts of new employees.

### **General training**

97. Training on this program will be held annually and will be conducted by the compliance officer or someone on its behalf (including external attorneys). The Company's legal department will decide which of the Company's employees and managers will undergo training and will book them in accordingly. In general, special emphasis and attention shall be given to employees in the following areas: management, tenders, employees of the legal department, procurement, finances and any other employee identified by the compliance officer or by the legal department as requiring training.
98. The trainings will include a comprehensive and complete review of this Program, including all applicable laws and prohibitions and a review of Israeli, foreign and international legislation and relevant conventions. The training will also include rules of thumb and "red flags" that must be paid attention to in the day-to-day running of the business; Examples will be provided of "real situations" which employees may encounter and explanations of how to deal with them appropriately.

The training will also include reports on relevant legal innovations, and details on sanctions and penal policies, both inside and outside the Company.

**It should be emphasized that attendance at these trainings, for employees and managers whose participation has been determined as relevant and necessary - is mandatory.**

99. At the close of each training, the participating employees will be required to sign forms confirming their understanding of the content provided, including their understanding of the Compliance Program and the restrictions and prohibitions applicable to them; Their consent to comply with all sections of the Program and with all the laws and procedures applicable to them; And their confirmation that they are unaware of any violations of the Program or law. Such approval is attached as **Appendix 6** to the Program.
100. The signed forms shall be submitted to the compliance officer and filed with the legal department.

#### **Refreshers and updates**

101. From time to time and if necessary, the compliance officer shall distribute amendments, updates and refreshers to this Compliance Program, as the case may be, amongst the Company's relevant employees as determined by it and the legal department.
102. Any employee receiving such updates and refreshers shall sign a declaration that it has read the updates, understood their content and will act in accordance to them (the statement is attached as **Appendix 6** to the program).

#### **New employees**

103. The HR manager should consult the legal department and the compliance officer regarding any new employee or one transferred to a new position in the Company, and obtain their opinion regarding the need for such employee to sign **Appendix 5** to the program and be included in the group of relevant employees undergoing anti-corruption and anti-bribery training.
104. Employees at the commencement of their employment with the Company and employees who have been transferred to a new position in the Company, for whom it was decided as aforesaid, will receive a copy of this Compliance Program and having reviewed it will approach the legal department to certify and sign their understanding of the Compliance Program and the restrictions and prohibitions applicable to them; Their agreement to comply with all sections of the Program and all the laws and procedures applicable to them; And their confirmation that they are unaware of any violations of the Program or law, under **Appendix 5** to the Program.
105. These employees will also be added to the annual general trainings in connection with the Compliance Program.

#### **General**

106. An employee who has not undergone training within the aforesaid periods shall approach the compliance officer and / or human resources manager in this regard.
107. As stated above, **employees who encounter a problem related to the prevention of corruption offenses in general and bribery offenses in particular, which cannot be resolved by this Compliance Program, shall contact the compliance officer and / or the legal department.**

**The same applies for receiving clarification in any matter that is not sufficiently clear, receiving**

**answers to queries, or for any other consultation.**

108. Documentation of the trainings - The legal department will ensure that all trainings are documented, including the dates, participants and copies of the materials presented and / or handed to participants.
109. Meetings / update conversations between the compliance officer and the directors of Danya USA, Romania and Poland shall take place every year and will include the relevant legal advisers. Trainings will be held as necessary and to the extent decided on by the compliance officer and the relevant legal counsels.

## Appendices

### Appendix 1 - Guidelines for hosting a foreign public servant

1. Financing hosting expenses of foreign public servants for private and personal needs that are not related to the Company's business activities - is prohibited.
2. Hosting expenses will be limited to those furthering the purpose of the business visit only, and at a reasonable and appropriate scope for the type of delegation.
3. All details of the hosting must be specified in a written report, including: the purposes of the hosting, a detailed schedule, the details of the transaction subject of the visit, the identity of the guests, the scope of the expected expenses and how these will be recorded and documented in the Company's books. (see report in **Appendix 1.A.** below).
4. The report must receive prior written approval of the compliance officer.
5. It should be sought to forward the report to the compliance officer no later than one week prior to start of the hosting.
6. Within one week of the end of hosting, a written report must be submitted to the compliance officer regarding compliance or non-compliance with the planned hosting expenses.
7. If the hosting is intended to promote a particular transaction, transparency must be maintained by a letter sent to the guest. The letter shall state the purposes of the visit, and expenses to be financed by the Company. As far as possible, unpaid expenses should also be noted.
8. The involvement of intermediaries and third parties in the planning of the visit should be avoided as much as possible.
9. In any case, all payments and expenses for such hosting, including payments for hotels, restaurants, flights, travel agencies and other services, will be paid directly to the relevant businesses. To the extent that this is not possible, the compliance officer should be notified in advance and action should only be undertaken upon receipt of its instructions.

**Appendix 1.A.**

**General**

Name of the employee responsible for hosting: \_\_\_\_\_

Position: \_\_\_\_\_

Date (submission of the report): \_\_\_\_\_

**Hosting Details**

Hosting purposes

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**Details of the transaction subject of the visit:**

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**Details of guests arriving:** (Please specify full names, positions, and connection to the transaction subject of the visit) \_\_\_\_\_

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**Visit program:** (Please specify the dates of the visit as well as a detailed schedule):

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**Anticipated Expenses:** (Please list **all** anticipated expenses, including expenses for meals, travel, entertainment, etc.)

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**Details of the manner in which expenses shall be "recorded and documented in the Company's books:**

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Signature: \_\_\_\_\_

**Appendix 2 -**  
**Declaration Form - Prevention of Corruption**

1. the undersigned, confirm and declare that all which is stated in this form is well known and understood by myself and that I shall act only in accordance with the obligations listed below:
2. I am aware that Danya Cebus Ltd., including all its subsidiaries in Israel and around the world (hereinafter: the "Company"), is committed to the highest level of business and ethical conduct whilst maintaining integrity and morality and ensuring the compliance of the Company and all its employees and relevant entities - directors, officers, consultants, representatives, contractors, vendors, service providers, agents and lobbyists (hereinafter: "Company representatives") - with the variety of by-laws, laws, regulations, relevant applicable norms and procedures in matters of corruption and bribery prevention. This wherever the Company operates, in Israel and around the world.
3. I am aware that the Company's comprehensive policy is set out in the "Compliance Program for the detection and prevention of corruption and bribery offenses, including local and foreign public servants" (hereinafter: the "**Compliance Program**"), and is binding to me.
4. I am aware that the Company obliges its employees as well as its representatives or other third parties contracting therewith, or acting for its purposes or on its behalf, to act in accordance with the Compliance Program and adhere to its applicable procedures and rules.
5. I undertake to ensure in advance that any business activity carried out as part of my work or engagement with the Company, both in the private and public sector, shall be carried out in full and strict compliance with relevant applicable laws in the area of corruption and bribery, adherence to the provisions and rules detailed in the Compliance Program, and in line with the Company's high business and ethical standards.
6. I undertake to absolutely refrain from granting, offering or guaranteeing and / or accepting any consideration or benefit, monetary or equivalent, for public servants - as defined in the Compliance Program and / or from contractors and / or vendors and / or tenants - in any manner whatsoever.
7. I also undertake to absolutely refrain from instructing, confirming or permitting a third party to make a prohibited payment in my name; Or even pay a third party out of knowledge or suspicion that the payment may in all likelihood be improperly delivered by it to a public servant. I am aware that in this matter the avoidance of clarification is likened to full awareness.
8. I undertake to immediately report to the Company's compliance officer any approach or offer regarding bribe payments related to the Company's business; Or of any concern or knowledge I have of bribery, a corruption offense or a violation of any section of the Compliance Program, by any of the Company's employees or representatives; Or in the course of the Company's business activity.

Name: \_\_\_\_\_ ; Date: \_\_\_\_\_ ; Signature: \_\_\_\_\_

**Appendix 3 -**  
**Due Diligence Questionnaire for partners, agents, or other relevant entities**  
**for the promotion of the Company's business**

Prior to any engagement with third parties, including lobbyists, who in the ordinary course of their business are required or may be required to work with public servants as defined in the law and Compliance Program (see Sections 9-10 and 15 above), or may come into contact with such public servants, the following questionnaire must be completed:

**General**

1. **Indicate your residential address.**
2. Details about your training and education.
3. Explain how the connection between yourself and the Company was forged, and its purpose.
4. Detail about any close family or friendships links to the public servants you will come in contact with.

**Professional experience**

5. Explain when and where you started working in the field which is relevant to the Company's contracting with you.
6. Provide details of all your current occupations, including parallel occupations in other areas.
7. Provide as much detail as possible regarding previous occupations, including:
  - 7.1 ***Your experience in carrying out projects in the field relevant to the Company's contracting with you.***
  - 7.2 ***Provide details of countries where you operated in the said field.***
  - 7.3 ***Previous experience in project management for government bodies or public corporations? Expand. In the***

**case of Company X, through which the engagement is made with the Company [if relevant]**

8. Are you the sole owner of all shares in Company X?
9. Does Company X have a partnership with any person or corporation?
10. Does Company X have subsidiaries?
11. Do you operate through or do you have other private companies besides company X?
12. Provide details regarding further activities (other than engagements with the Company) performed through company X.
13. List all your engagements with Danya Cebus, including engagements with its subsidiaries.  
Are you involved in other transactions in which the Company or any of its employees, agents or representatives are also involved?

**Criminal**

14. Are you prepared and permitted to enter the country where the project subject of the transaction is to be executed?
15. Are there any countries you are not prepared to enter or are not permitted to visit?
16. Have you been convicted of violating a law prohibiting fraud, deceit or bribery?
17. Have you been convicted of violating securities laws, tax laws or other criminal laws?
18. Have you been questioned by any investigative bodies or enforcement bodies under caution regarding any of the issues listed above?
19. Have you been or are you a shareholder or officer in a corporation that has been investigated or convicted for an offense?

**Bankruptcy**

20. Have you ever been declared bankrupt?
21. Have you been or are you a shareholder or officer in a corporation that has been declared bankrupt?



**Appendix 4 -**  
**Reporting Form to compliance officer regarding violations of the program or**  
**law**

**General**

**Employee Name:** \_\_\_\_\_ (Optional)

**Position:** \_\_\_\_\_ (Optional)

**Date:** \_\_\_\_\_

**Report details**

I am reporting that on / in the month: \_\_\_\_\_,

the following actions were carried out, to the best of my knowledge:

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By \_\_\_\_\_

I was made aware of this by/from: \_\_\_\_\_.

The report to the compliance officer can be submitted in one of the following ways:

By email: [sharonk@d-c.o.il](mailto:sharonk@d-c.o.il);

By post to address: 1c. Yony Netanyahu St., Or Yehuda, to the Deputy Director of Law and Regulation at Danya Cebus Ltd.;

Directly to the legal department, to the Deputy Director of Law and Regulation;

Or anonymously to the legal department's post-box located in the Director General's office.

**Appendix 5 -**  
**Certification Form - Compliance with provisions of the Compliance Program**  
**for detection and prevention of corruption offenses and bribery of local and**  
**foreign public employees**

I, the undersigned, confirm receipt of a copy of the Compliance Program for the detection and prevention of corruption and bribery offenses, including local and foreign public servants, I have read its contents and understood what is stated therein.

I declare that I will adhere to the rules and guidelines set forth in the Program. I also declare that I will distribute the content of the Program amongst my employees and ensure its implementation.

I am aware that any deviation from the corruption and bribery provisions set forth in the Compliance Program may expose me to legal proceedings (including criminal).

In the event of any doubts or questions arising regarding the implementation of the Program by myself, I shall contact the compliance officer and / or the legal department.

Name: \_\_\_\_\_

ID No. \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

**Appendix 6 -**  
**Confirmation of Attendance at training or update to Compliance Program**

I, the undersigned, confirm receipt of training and / or a training document and / or a refresher and / or update to the Compliance Program from the compliance officer and / or someone on its behalf for the detection and prevention of corruption and bribery offenses to local and foreign public servants, have read its contents and understand that which is stated therein (Hereinafter: the "Update document").

I declare that I will act in accordance with the rules and guidelines detailed in the Compliance Program, and / or in the training I received and / or in the update document. I also declare that I will distribute the content of the document amongst my employees and ensure its implementation.

I am aware that any deviation from the corruption and bribery provisions set forth in the Compliance Program, in the updates appearing in the update document, or in the instructions and material provided in the training, may expose me to legal proceedings (including criminal).

In the event of any doubts or questions arising regarding the implementation of the Program by myself, I shall contact the compliance officer and / or the legal department.

Full Name	ID No.	Role	Date	Signature