

# CODE OF BUSINESS CONDUCT AND ETHICS OF PARTNER COMMUNICATIONS COMPANY LTD.

## **Introduction**

This Code of Business Conduct and Ethics of Partner Communications Company Ltd. covers a wide range of business practices and procedures. It does not cover every issue that may arise, but it sets out basic principles to guide all Directors, Officers and employees of the Company. All of our Directors, Officers and employees must conduct themselves accordingly and seek to avoid even the appearance of improper behavior.

Those who violate the standards in this Code will be subject to disciplinary action, including termination of employment. If you are in a situation that you believe may violate or lead to a violation of this Code, follow the guidelines described in Section 15 of this Code.

### 1. Compliance with Laws, Rules and Regulations

Obeying the law, both in letter and in spirit, is the foundation on which this Company's ethical standards are built. All Directors, Officers and employees must respect and obey the laws of the State of Israel, any states and countries in which we operate, and any state or country in which the Company's stock or notes are traded or exchanged. Although not all personnel are expected to know the details of these laws, it is important to know enough to determine when to seek advice from supervisors, managers or other appropriate personnel.

### 2. Conflicts of Interest

A conflict of interest exists when a person's private interest interferes in any way with the interests of the Company.

You must avoid any personal activity, investment or association that could appear to interfere with good judgment concerning the Company's best interests. You may not exploit your position for personal gain. You should avoid even the appearance of such a conflict.

It is almost always a conflict of interest for a Company Director, Officer or employee to work simultaneously for a competitor, customer or supplier. You are not allowed to work for a competitor as a consultant or board member. The best policy is to avoid any direct or indirect business connection with our customers, suppliers or competitors, except on our behalf.

Conflicts of interest may not always be clear-cut, so if you have a question, you should consult with higher levels of management. Any Director, Officer or employee who becomes aware of a conflict or potential conflict should bring it to the attention of a supervisor, manager or other appropriate personnel or consult the procedures described in Section 15 of this Code.

Loans to and guarantees of obligations of Company Personnel (as defined in clause 15 hereto) incurred for personal reasons can also present conflicts of interest. The Company is prohibited from making any direct or indirect extension of credit, renewal of modification of an extension of credit, or arrangement for the extension of credit, in the form of a personal loan to any Company Personnel<sup>1</sup>. Examples of the types of extensions of credit that are prohibited under this Code include, without limitation, loans to cover relocation expenses, temporary housing, and exercise price paid in so-called cashless exercises of stock options. It is the policy of the Company that such loans will generally not be made to other Company Personnel.

### 3. Insider Trading

Directors, Officers and employees who have access to confidential information are not permitted to use or share that information for securities trading purposes or for any other purpose except the conduct of our business. All non-public information about the Company should be considered confidential information. To use non-public information for personal financial benefit or to “tip” others who might make an investment decision on the basis of this information is not only unethical but also illegal. In order to assist with compliance with laws against insider trading, the Company has adopted a specific policy governing trading by Directors, Officers and employees in the securities of the Company.

### 4. Corporate Opportunities

Directors, Officers and employees are prohibited from taking opportunities for themselves personally through the use of corporate property, information or position, without the consent of the Board of Directors. No employee may use corporate property, information, or position for improper personal gain, and no Director, Officer or employee may compete with the Company directly or indirectly. Directors, Officers and employees owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

### 5. Competition and Fair Dealing

We seek to outperform our competition fairly and honestly. Stealing proprietary information or possessing trade secret information that was obtained without the owner’s consent, or inducing such disclosures by past or present employees of other companies is prohibited.

Each Director, Officer or employee should endeavor to respect the rights of and deal fairly with the Company’s customers, suppliers, competitors and employees. No personnel should take unfair advantage of anyone through manipulation, concealment,

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<sup>1</sup> This prohibition does not apply to consumer credit such as open end credit plans or charge cards so long as such type of consumer credit is (a) made in the ordinary course of the Company’s consumer credit business; (b) of a type generally made available by the Company to the public; and (c) made on market terms or terms no more favorable than those offered by the Company to the general public for such types of loans.

abuse of privileged information, misrepresentation of material facts, or any other intentional unfair-dealing practice.

Aggressive selling should not include misstatements, innuendo or rumors about our competitors or their products and financial condition. Do not make unsupportable promises concerning the Company's products.

## 6. Gifts

The purpose of business entertainment and gifts in a commercial setting is to create goodwill and sound working relationships, not to gain unfair advantage with customers. No gift or entertainment should ever be accepted by any Company Director, Officer or employee, family member of a Director, Officer, employee or agent unless it: (1) is not a cash gift, (2) is consistent with customary business practices, (3) is not excessive in value, (4) cannot be construed as a bribe or payoff and (5) does not violate any laws or regulations. Please discuss with your supervisor any gifts or proposed gifts that you are not certain of or you deem might not be appropriate.

## 7. Discrimination or Harassment

The Company is committed to providing a work environment that is free from all forms of discrimination on the basis of race, ethnicity, gender, creed, religion, age, disability or sexual preference. It is the Company's policy to provide equal opportunity to all employees with regard to hiring, pay rates, training and development, promotions and other terms of employment. Employment decisions will comply with all applicable employment laws and regulations.

The Company does not tolerate harassment, including sexual harassment, in any form.

## 8. Record-Keeping

The Company requires honest and accurate recording and reporting of information in order to make responsible business decisions. For example, only the true and actual number of hours worked should be reported.

Many Directors, Officers and employees regularly use business expense accounts, which must be documented and recorded accurately. If you are not sure whether a certain expense is legitimate, ask your supervisor or your controller.

All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions and must conform both to applicable legal requirements and to the Company's system of internal controls. Unrecorded or "off the books" funds or assets should not be maintained.

Mistakes should never be covered up, but should be immediately fully disclosed and corrected. Falsification of any record is prohibited.

## 9. Preparation of Financial Statements

All of the Company's Directors, Officers and employees (the "Company Personnel") are responsible for full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the Company with the US Securities and Exchange Commission. Accordingly, it is the responsibility of Company Personnel to promptly establish disclosure controls and procedures and internal control over financial reporting and to bring to the attention of the Disclosure Committee any information of which he or she may become aware that affects the disclosures made by the Company in its public filings or otherwise assist the Disclosure Committee in fulfilling its responsibilities as specified in the Disclosure Committee Charter.

Company Personnel shall promptly bring to the attention of the Audit Committee any information he or she may have concerning (a) significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information or (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Company Personnel shall promptly bring to the attention of the CEO or the Audit Committee any information he or she may have concerning any violation of the Company's Code of Business Conduct and Ethics, including any actual or apparent conflicts of interest between personal and professional relationships, involving any management or other employees who have a significant role in the Company's financial reporting, disclosures or internal controls. The CEO shall promptly bring to the attention of the Audit Committee any information he or she receives from Company Personnel, or any information he or she may have concerning any violation of the Company's Code of Business Conduct and Ethics, including any actual or apparent conflicts of interest between personal and professional relationships, involving any management or other employees who have a significant role in the Company's financial reporting, disclosures or internal controls.

Company Personnel shall promptly bring to the attention of the CEO or the Audit Committee any information he or she may have concerning evidence of a violation of the securities or other laws, rules or regulations applicable to the Company and the operation of its business, by the Company or any agent thereof, or of violation of the Code of Business Conduct and Ethics or of these additional procedures. The CEO shall promptly bring to the attention of the Audit Committee any information he or she receives from Company Personnel, or any information he or she may have concerning evidence of a violation of the securities or other laws, rules or regulations applicable to the Company and the operation of its business, by the Company or any agent thereof, or of violation of the Code of Business Conduct and Ethics or of these additional procedures.

#### 10. Protection and Proper Use of Company Assets

All Directors, Officers and employees should endeavor to protect the Company's assets and ensure their efficient use. Theft, carelessness, and waste have a direct impact on the

Company's profitability. Any suspected incident of fraud or theft should be immediately reported for investigation.

Company equipment should not be used for non-Company business, though incidental personal use may be permitted.

The obligation of employees to protect the Company's assets includes its proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks, and copyrights, as well as business, marketing and service plans, engineering and manufacturing ideas, designs, databases, records, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information would violate Company policy. It could also be illegal and result in civil or even criminal penalties.

#### 11. Payments to Government Personnel

Because the Company is required to report to the U.S. Securities and Exchange Commission, the Company is subject to the U.S. Foreign Corrupt Practices Act, which prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. It is strictly prohibited to make illegal payments to government officials of any country.

In addition, there are a number of laws and regulations in various countries regarding business gratuities that may be accepted by government personnel. The promise, offer or delivery to a government official or employee of a gift, favor or other gratuity in violation of these rules would not only violate Company policy but could also be a criminal offense.

#### 12. Waivers of the Code of Business Conduct and Ethics

Any waiver of this Code for executive Officers or Directors may be made only by the Audit Committee and will be promptly disclosed as required by law or stock exchange regulation.

#### 13. Obligations to the External Auditor

Company Personnel must be candid in all dealings with the External Auditor.

In dealing with the External Auditor, Company Personnel must be candid and not knowingly misrepresent facts or knowingly fail to disclose material facts, and must respond to specific inquiries and requests by the External Auditor.

Company Personnel must not take any action, or direct any person to take any action, to fraudulently influence, coerce, manipulate or mislead the External Auditor in the performance of an audit of the Financial Statements for the purpose of rendering such Financial Statement materially misleading.

#### 14. Confidentiality

Company Personnel must not disclose any confidential information of the Company, its customers, suppliers, business partners, Company Personnel or stockholders, except when disclosure is authorized by the Company or is legally mandated.

Confidential information includes all non-public information relating to, among other things, decisions, operations, procedures, plans, earnings, financial or business forecasts, databases, names and addresses, competitive bids, formulas, designs, configurations, technical processes, methods or characteristics of machines, trade secrets, supplies, products or materials, research, development, strategies and know-how, regarding the Company, its customers, suppliers, business partners, business relationships, Company Personnel or shareholders, that might be of use to competitors or harmful to the Company, its customers, suppliers, business partners, business relationships, Company Personnel or shareholders, if disclosed.

#### 15. Reporting any Illegal or Unethical Behavior

Your conduct can reinforce an ethical atmosphere and positively influence the conduct of fellow employees. If you are in a situation that you believe may violate or lead to a violation of this Code, or if you are powerless to stop suspected misconduct or discover it after it has occurred, you must report it to the appropriate level of management at your location (office/region). Employees are encouraged to talk to supervisors, managers or other appropriate personnel about illegal or unethical behavior to be observed and when in doubt as to the best course of action in a particular situation.

If you are still concerned after speaking with your local management or feel uncomfortable speaking with them (for whatever reason), you may directly and, if you so wish, anonymously contact the Audit Committee of the Company's Board of Directors by sending a detailed note, with relevant documents, to Chief Internal Auditor.

#### 15. Accountability for Adherence; Violations of This Code

The values and responsibilities set forth in this Code are important to the Company and must be taken seriously by all of us. Accordingly, violation of this Code will lead to disciplinary action in accordance with the Company's policies. Such disciplinary action may include a reprimand, reimbursement of any loss or damage suffered by the Company, termination of employment, referral for civil action or criminal prosecution, or any other disciplinary action deemed appropriate by the Company. In the case of a violation of this Code or the addendum hereto, the Audit Committee shall have responsibility for determining the consequences of the violation.

**It is the policy of the Company not to allow retaliation for reports of misconduct by others made in good faith by employees. Your calls, detailed notes and/or emails will be dealt with confidentially. You have the commitment of the Company and of the Audit Committee of our Board of Directors that you will be protected from retaliation.**