

**Visonic**  
**Code of conduct**



**April 2010**

## Our commitment

Our ethical code of conduct conveys the company's core principles of proper business behavior towards all those who are influenced by our activity and shape our success – the company's stakeholders. \* The ethical code was written in order to publically define the values that guide our business operation in relation to our stakeholders, and publically articulate the appropriate business conduct that is expected from all company employees and management, in all areas of operation.

This code was written to assist employees with learning the company's business conduct and to provide them with a professional tool for dealing with day to day business dilemmas. The ethical code presents three main values: 1. **Professionalism and Excellence**, 2. **Fairness**, 3. **Responsibility and Cooperation**. These three values merge together to define our professional code of conduct. As we strive for **excellence** and work **professionally** to achieve it, we meticulously maintain a **fair** relationship with all those whom we work with. We take both personal and organizational **responsibility** on the outcome of our activity, and **cooperate** with our stakeholders to create mutual value.

We at Visonic emphasize the principles of our conduct towards our stakeholders and believe that each of these values should be implemented on a **personal level**, on an **inter-organizational level**, i.e. the relationship between the various business units and employees, as well as on an **outer-organizational level** that represents our relationships with our clients, suppliers, business associates, the community, the environment and our business competitors.

As a global company, Visonic operates in a multi-cultural environment and as such it respects all different cultures. Visonic's corporate culture calls for strict obedience to country laws, wherever we operate, as well as for full compliance with regulatory demands relevant to our business. The ethical code aims to level the differences in this multi-cultural environment in order to enable a proper and uniform conduct in the various counties where we operate. Therefore, in cases where country laws and corporate practices are less demanding than the ones in this code, one must abide to the laws herein. However, if a relevant law contradicts the policy of this code, one must first observe the law.

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\*Stakeholders include: customers, suppliers, employees, stockholders, banks and others

## Guiding Values and Rules of Action

### Professionalism and Excellence

**Professionalism** is based on the knowledge each one of us has on a specific area of operation, while aspiring for **excellence** and striving to learn and develop in new directions. Our **professionalism** will be measured by our ability to consult with our partners (both internal and external) regarding their present and future needs, in order to provide them with suitable and worthwhile solutions.

Our **excellence** will be seen through our deep understanding of the various subjects relevant to our business, through our involvement in new activities, and through comprehensible definition of objectives. Our **Professionalism** will be evident through our ability to reach our targets without compromise, pursuing their implementation, and through the encouragement of organizational education.

### Rules of Action

Field	Subject	Action Rule
Personal	Knowledge Development	Visonic aspires to promote corporate and personal knowledge. Therefore, we will support and encourage our employees to develop their knowledge and expect them to broaden, renew and develop their expertise both within the organization and in outside programs.
	Prohibiting the use of substances	We aim to create a clean work environment that free of alcohol and drug use. Visonic prohibits drinking alcohol during work hours and forbids using or possessing drugs during and after work hours, except drugs permitted by medical subscription.
Organizational	Quality	Quality of products and high service level are the basis of the company's success. The company and its employees are required to operate with high professional standards, while complying with relevant standardization and company quality procedures. Employees will constantly aim to improve product quality and service level to company clients.
		Our employees are required to diligently identify and prevent work processes which could potentially damage product quality or service, or that might be unlawful. In any such concern, employees are required to report the issue to their supervisor.
	Safety	Visonic considers the issue of safety as absolutely essential, therefore it complies with all rules and regulations in the various places where it operates and promotes a safe and healthy work environment for its employees. Our employees will comply with

		strict safety regulations while performing their work and immediately report any accident or near-accident event.
	<b>Information security</b>	Visonic ensures secure information procedures to minimize unnecessary risks to company operations. Our employees are required to work according to company-provided authorizations. Furthermore, our employees are required not to distribute, access or download material that is inappropriate to the company's code of conduct, or that could negatively affect Visonic or damage its information security, network security or its intellectual property.
	<b>Business knowledge</b>	One of the company's core strategic properties is its organizational knowledge. Our employees are required to safeguard the business, proprietary, technical and personal information of the company, as well as that of its employees, clients and suppliers.
<b>Outer-organizational</b>	<b>Service</b>	The success of the company is based on the quality of its service to internal and external clients. Company employees are committed to providing first-class service, meeting deadlines and maintaining our partners' satisfaction.
	<b>No bribery or kickbacks allowed</b>	Since integrity is the foundation of our company's success, our employees will refrain from accepting kickbacks, fees or any other type of compensation from any person or company that is interested in doing business with Visonic, or that already does business with the company, or with its competitors. Gifts from suppliers or clients will not exceed \$25 (aggregate per year). In cases where a gift value exceeds this amount, the employee is obliged to consult the company's ethics manager or a VP.
		Furthermore, bribery, kickbacks or any such payment are essentially illegal and oppose Visonic's ethical codes and rules. Our employees are not allowed to make offers, payments, promises or give gifts that are meant to influence a person or entity in a way that benefits the company.
	<b>Avoiding conflicts of interests</b>	All company's directors, managers and employees are to avoid relationships or activities that conflict or seemingly conflict with company's interests. In such cases there is an obligation to report the issue to the ethics manager of the company.
	<b>Political activity and donations</b>	Visonic's operations are a-political. Our employees are forbidden from performing any kind of political soliciting activity, or political campaign fund raising within the company, for any political contestant, party, or official.
		Visonic believes that employee status should not be jeopardized by their involvement, or lack of involvement, in legitimate political activity. However, employees are forbidden from using the company's property for political use.
	<b>Communication with external entities</b>	Employees are representatives of the company through their communication with outside entities. Employees should avoid any kind of behavior that could harm Visonic's reputation or its legitimate business interests, even beyond company's premises and

		after work hours.
		As a public company, Visonic is committed to reporting to the public in an accurate, precise and acceptable manner. Accordingly, our employees cannot speak for the company, or about it, without the CEO's approval (or a person assigned by the CEO for this purpose).

## Fairness

**Fairness** means creating a set of comprehensible and acceptable rules by which all company employees are required to act, without discrimination. **Fairness** demands us to honor every person and appreciate his or her uniqueness, and provide equal rights and opportunities. **Fairness** requires the transparency of our business conduct and its results, and obliges us to provide credible and accurate information on these subjects.

## Rules of Action

Field	Subject	Action Rule
Personal	Creating an honorable work environment	Visonic is dedicated to creating a work environment that is free of any type of harassment, discrimination, or offense. We forbid any behavior that may imply harassment, threat, violence or discrimination, based on a sexual, national, racial, political or sexual preference. In this respect, company employees are required to avoid creating unpleasant or offensive situations, such as presenting offensive content on company premises.
		Visonic expects employees who encounter a violation of the ethical code to turn to a supervisor, human resources representative or to the ethics offices. The company will assure that an employee who reports a breach of the ethical code by another employee will not be fired, suspended, threatened, harassed or discriminated against, or be subject to any revenge or disciplinary actions. However, the company would take disciplinary steps against an employee that intentionally provides a false report.
		We believe there is an appropriate way to settle any conflict. In any case of differences of opinions, employees are asked to discuss the issue practically while maintaining positive working relationships.
		Company managers are required to act respectfully and fairly towards their subordinates. Taking advantage of a superior position to demand that which is beyond an employee's commitment to the company is strictly prohibited.
	Employee privacy	The company respects the privacy of its employees, and does not reveal their private information unless there is a legal demand or a written approval from the employee.
	Preventing discrimination	Visonic employs, compensates, promotes and reaches recruitment decisions based on professional considerations such as skills and performance, without distinction of sex, color, religion, nationality, sexual preferences or disability. In any case where there is suspicion of a violation of this rule of action, the employee will report to his or her supervisor or to the ethics officer in the

		organization.
<b>Organizational</b>	<b>Company's property and assets</b>	The company's property is meant for supporting its business. We provide our employees with state-of-the-art technological equipment, the best in our business field. Employees are required to protect the company's property, production plant and other assets, and to avoid waste. Our employees will respect natural resources and practice economical use of company resources (including electricity consumption, office lights, office equipment etc.)
		According to existing company regulations, our employees are not to use company property for their personal use, except for minimal and random use, that does not interfere with Visonic's business or with their duties (such as using company's cars, phones or e-mail). Any usage that exceeds this definition requires the approval of a VP or a CEO of a subsidiary company, or higher.
		The company acknowledges its responsibility for reimbursing employees for their legitimate business expense, as defined by the Company's existing procedures. Expenses should be reasonable and relevant to the business purpose. Employees will document properly all their business expenses and adhere to company procedures in this respect.
	<b>Accurate reporting</b>	Visonic ensures that employees engage in reliable reporting practices to both internal and external entities. In the case where an employee identifies a fault in the credibility of a report, he or she must report the issue to a supervisor or to the ethics officer.
<b>Outer – organizational</b>	<b>Compliance with securities and insider trading rules</b>	Visonic 's guiding principle is to fully comply with all legislative, procedural and regulatory requirements regarding its issued securities, including those imposed by the Israel Securities Authority, which regulates Visonic's securities trading as well as its insider information. Accordingly, our employees are obliged to strictly obey all rules prohibiting securities trading based on "material" insider information that is unknown to the public. Employees cannot trade or recommend the trading of Visonic shares to anyone until the certain material information becomes public.
		A company employee might be exposed to material information unknown to the public, regarding transactions, clients, competitors or company partners. The above compliance requirements apply also to securities trading based on information on other companies involved, whether it is Visonic's shares or shares of other parties. Employees will refer to the information as "material" if they presume that an investor would consider it material when making a buy, sell or hold investment decision regarding any company shares, including Visonic's.
	<b>Client IP confidentiality</b>	The company values and respects the confidentiality of its clients' and suppliers' intellectual property. They are the company's partners to success and therefore employees ensure and protect their intellectual property. Using such intellectual property or proprietary information for reasons other than the company's

		activity is strictly prohibited. Intellectual and proprietary information will not be taken out of the company, or transferred to any external entity without the written permission of the responsible bodies in the company.
	<p style="text-align: center;"><b>Decency and negotiations in good faith</b></p>	Visonic's success relies on its proper and decent business conduct. Company employees are required to act accordingly. An employee will not exploit another person for personal or professional gain, either through manipulation, concealment, use of classified information, misrepresentation or any other unfair business conduct. Employees are expected to perform their own judgment when taking a certain course of action, but if they suspect it to be unlawful or unbecoming in any way; they must consult with their supervisor or ethics officer. The company emphasizes that it will not accept a business deal that was not performed in good faith according to this code.
		An employee that discovers that a colleague, manager or company representative conducted unlawful or indecent business must report the issue to a supervisor or to the ethics officer.
	<p style="text-align: center;"><b>Transparent reporting</b></p>	All financial and other reports provided by the company are essential in order to provide an accurate, truthful and transparent representation of the company's properties, commitments, revenues and expenses. The submission of untruthful information in any of the company's reports is strictly forbidden.
		The company views its clients as business partners and therefore will disclose all relevant and material information (defined by them) regarding the products we provide.



## Responsibility and Cooperation

Our **responsibility** is reflected in our ability to understand and acknowledge the outcome of our actions. **Cooperation** is a principle that guides us to act together, synergistically, with our internal and external stakeholders, as one. We will support the success of our partners: our clients, suppliers, and employees. We will be attentive to their aspirations, responsive to their requirements, recognize and appreciate their contribution to our success and support them at times of need to the best of our ability. As part of our commitment to the community, we will ensure the strengthening of the communities in which we operate.

**Cooperation** of this kind within the company enables us to work as a single company with multiple units that all promote the same vision. **Cooperation** means recognizing the needs of the other, and it becomes visible through sharing, listening, consulting and having a dialogue with all entities or people that are affected by, or affect our business activity.

Proper **cooperation** will allow us to provide better service to our clients, in a way that will give us significant added value and enhance our capabilities.

## Rules of Action

Field	Subject	Action Rule
Personal	Corporate culture	Visonic's corporate culture promotes cooperation between the different business units. Therefore, employees are expected to behave politely and respectfully at all times, each employee taking care to be a personal example to all that surrounds us. Our corporate communication will also reflect this by conveying messages and information in a concise, practical and courteous manner.
	One company	Visonic's ability to operate as one unified company as its various units cooperate fully in supporting employees is one of its major strengths. Company managers are required to continuously keep their colleagues updated and remain updated on the operations of other units. Employees are required to understand the various businesses that relate to their segment, promote cooperation between the units and improve organizational processes. Visonic is committed to providing efficient, rapid and professional inter-organizational service.
Organizational	Information sharing	The company's success is based on its ability to cooperate efficiently with its clients and suppliers. Therefore, we encourage information sharing with our clients and suppliers in order to learn and improve our business relations with them.

	<b>Fair competition</b>	The company operates fairly with regards to its competitors. Company employees are committed to fair competition and will not slander or defame competitors.
<b>Outer-organizational</b>	<b>Corporate responsibility</b>	Visonic believes that its ties to the community - an important source from which it derives its strength - are a vital foundation for its success. Therefore, Visonic continuously evaluates and assesses the social and economical implications of its business decision-making. The company is engaged in activities that support the growth of the community in which it operates, and is committed to reducing social gaps, creating equal opportunities and helping the other.
	<b>Protecting the environment</b>	Visonic regards environmental protection as a corporate principle. Company employees are required to comply with all relevant rules and regulations regarding environmental protection.
		Visonic encourages corporate environmental responsibility. The company promotes efficient use of resources, raw materials, and recycling. The company expects its employees to evaluate their actions and consult with their supervisors on ways to reduce their negative environmental impact.
	<b>Supporting Customers and suppliers</b>	Visonic believes in long term cooperation with its suppliers and customers. It will always be attentive to its partners in times of need, and seek alternatives for dealing with problems that arise.

## The Ethical Code- From Rule to Practice

Each and every person in the company is responsible for understanding and acting according to this code. With time, ethical dilemmas or conflicts will arise, as different rules of action represent different values. In order to reach the right solution in a way that adheres to the ethical code herein, employees will ask the following questions that correlate to these rules of thumb:

- ❖ **Does the chosen course of action conflict with the company's basic rules of action?**
  - ✓ It is imperative that all company activity complies with its basic rules of action.
- ❖ **Could the chosen course of action harm the company's reputation in the long term?**
  - ✓ One should always prefer the solution which supports the reputation of the company and its stakeholders.
- ❖ **Is there an alternative course of action that could place me in a better position?**
  - ✓ One must consider several possible solutions. Creativity can significantly change the results and place us in a more comfortable position.
- ❖ **What would my supervisor, or someone else who I appreciate, think of the course of action that I took? What would I have told my children to do in a similar situation?**
  - ✓ One must always choose an honorable course of action that is a good example to others.

If an employee is still uncertain about the proper course of action he or she should be taking in a certain situation, they should turn to either their supervisor, ethics officer or the ethics trustees in the company for guidance. The ethics supervisor is the premier authority on these issues and the first point of contact for ethic issues and questions. His or her task is to consult, guide and solve problematic issues. The work method is based on cooperation and therefore includes factual inquiries and defining proper courses of action. The ethics supervisor does not sanction employees, and if need be will report the issue to the suitable people in the company. The ethics supervisor will guarantee anonymity, if requested, and will provide protection to corporate whistleblowers.