

From Values to Actions. Do the right thing.

# The Code of Ethics

Entrance



IAI | May 2021



As high as possible

# Introduction by the Chairman of the Board

IAI is a unique organization with unique values. Together, we are committed to working uncompromisingly, out of an extraordinary legacy of excellence and technological innovation, for Israel's security. We are vital partners in safeguarding the freedom and security of Israeli citizens, as well as the growth of the country's economy.

In order to fulfill all of these values and maintain our corporate reputation and our extensive relationships, we are committed by our values, to act responsibly and committed to our employees, our partners and the community.

Our Code of Ethics is a cornerstone in our adherence to the highest standards in the areas of social and corporate responsibility – integrity, acceptance of the other and contribution to strengthening sustainability and the environment.

Together we have raised a banner to human, technological and business excellence. The core of this excellence is a solid and steadfast, where we are all committed to our rules of ethics and act on them without exception.

Our Code of Ethics is binding for each and every one of us – from board members and officers through employees and to anyone acting in our name or on our behalf. Adherence to Code will protect us and our partners and will be a source of light and pride that our achievements are all achieved through integrity and responsibility.

Sincerely,  
**Harel Locker**

Chairman of the Board of Directors  
Israel Aerospace Industries



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# Introduction from the CEO

IAI's vision is to stand at the forefront of global technology to ensure the future of its employees, its partners and the State of Israel.

Our excellence crosses borders and continents – from technological and innovative excellence to business excellence and to excellence in the human capital that makes up the company – our employees, customers and business partnerships.

At the same time, the complexity of the environment in which we operate compels us to deal on a daily basis with ethical issues relating to all relationships we maintain both inside and outside the company.

As a law-abiding company, we have rules and procedures, but no less important – we have values! These values, by which we want to act, work and live, are compiled in the Code of Ethics that is before you.

We must work all together – employees, managers and members of the board of directors to transition from values to practice and to implement the IAI's Code of Ethics.

I invite you to rely on the Code of Ethics in your extensive work in every field of Company business, and to consult the relevant parties on every issue where you feel it is needed, as specified in the attached code.

Together we will reach as high as we can!

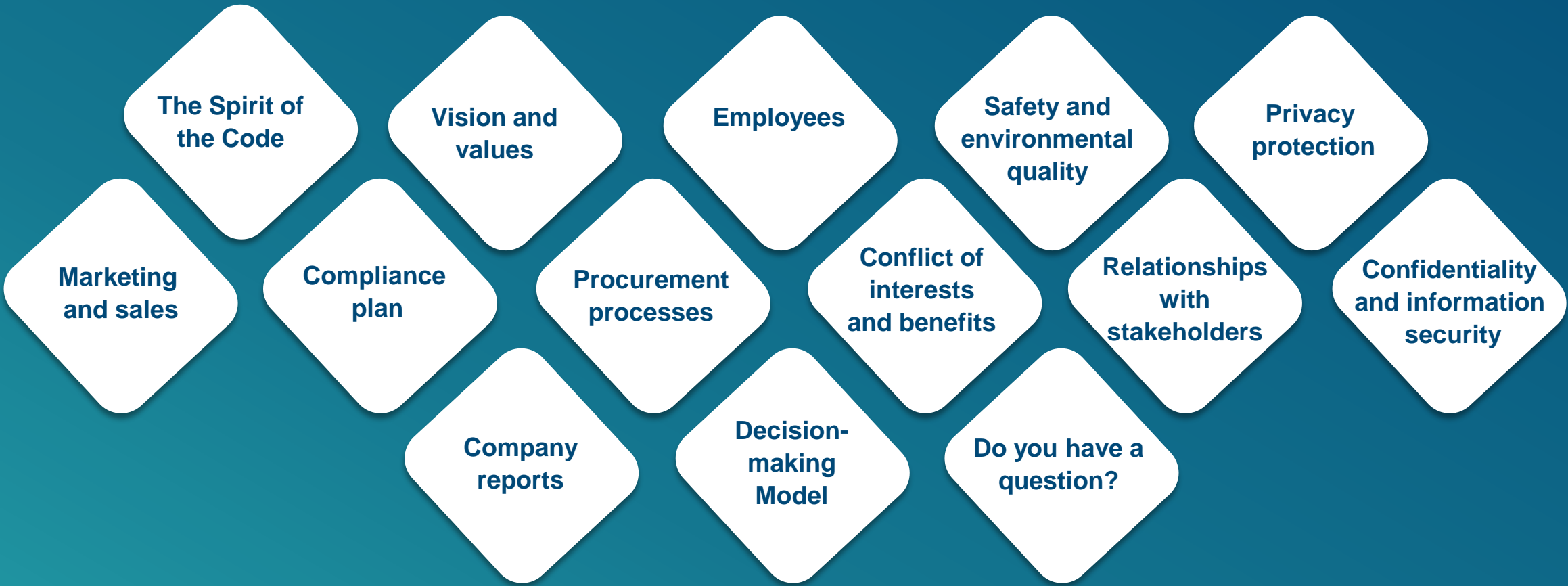
Sincerely,  
**Boaz Levy**

CEO of Israel Aerospace Industries



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# Mission Statement

IAI's Code of Ethics applies to IAI, its managers, employees and those working on its behalf.

IAI subsidiaries around the world are also adopting the code with the necessary changes, in addition to the laws, regulations and guidelines that guide IAI's business operations.

**The Code of Ethics expresses the basic values that serve as a super-framework for determining the behavior of IAI and its employees in relation to all stakeholders.**

IAI manages its relationships with its customers fairly and honestly and will not accept dishonest conduct of its employees and representatives.

The Code is binding for the directors, officers, employees and consultants of IAI, at all levels, and all those selected to represent the company.

The Code is based on the laws of the State of Israel, international rules of conduct and conventions and special collective labor agreements, as well as on IAI's corporate regulations and procedures.

# The Spirit of the Code

We will encourage a work environment that facilitates equal employment opportunities.

We will maintain a safe work environment and safeguard the environment in which we operate.

We will cultivate an ethical culture throughout IAI through leadership and personal example.

We will comply with the laws and regulations applicable to management in the aerospace industry.

We will be honest, fair and reliable in all IAI activities.

We will avoid conflicts of interest between our activities in the IAI and our private lives



# The Company's Vision and Values

## Vision

Israel Aerospace Industries will be at the forefront of global technology to ensure the future of its employees, its business partners and the State of Israel.

## Values

**Human Excellence** – IAI employees – professional, creative, innovative and best in their field – are the Company's main and most valued asset. Integrity, reliability and personal responsibility are their guiding principles.

**Business Excellence** – IAI will promote vigorously its position as a major global, growing and profitable leader in its field. The company will place customers at the center and will initiate and develop systems and solutions from partners and service.

**Technological Excellence** – As one of the largest and most innovative defense and aerospace companies in the world, IAI will discover and develop the most groundbreaking and advanced technologies.

**Israel's Security**- IAI will work uncompromisingly to continue an extraordinary legacy of excellence and technological innovation for the security of Israel and will be a vital partner in safeguarding the freedom and security of Israeli citizens and in the growth of the country's economy.

**Corporate Responsibility** – IAI will be committed to its employees, partners and the community, and will adhere to the highest standards in the areas of social and corporate responsibility, including the acceptance of the other, sustainability and the environment.



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## Work Environment

IAI respects its employees' human rights and does its best to create an equal, positive, healthy, pleasant and safe work environment free from discrimination or harassment.

IAI rejects and prohibits harassment of any kind. IAI prohibits sexual harassment and enforces this prohibition through special supervisors to deal with the issue.

IAI requires every employee to consider the feelings of others, to maintain basic etiquette and proper appearance.

## Equal Opportunity in Employment

IAI is committed to acting equally and avoiding discrimination based on race, religion, sex, age, sexual orientation, disability, ethnicity, political affiliation or marital status, in recruitment, selection and promotion processes and with regards to employment conditions and work practices such as benefits, access to training, salary, benefits, discipline, termination of employment and retirement. The company is committed to creating equal opportunities for its employees and candidates to work for it, and strives to ensure that each of its employees receives fair and respectful treatment while cooperating.

## Political Involvement

Political activity on IAI premises is strictly prohibited, including election propaganda and / or use of working hours for such activities.

The Company's resources, facilities and means are not to be used to promote political issues. Political involvement of company employees is possible only in personal settings and outside working hours.



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## Interpersonal relationships between company employees

Relationships between employees at all levels are characterized by integrity, cooperation and mutual respect. The company takes all actions to prevent sexual harassment and abuse of any kind. In addition, if an intimate relationship have been established between employees that is an unequal relationship that is non-harassment, the company acts to sever the unequal relationship.

We maintain a respectful organizational culture that allows each and every employee to express their opinion and believe in constructive criticism and in providing assistance that encourages collaboration and teamwork.

Company employees share all of their professional knowledge with their colleagues required to carry out their work to the best of their ability.

We respect our employees' precious time, and maintain an appropriate time management culture, which allows all our employees to complete their tasks on set schedules.

## Responsibility for Exposing Ethical Failures

We are committed to exposing ethical and other failures that are inconsistent with the language of the law and / or with the Company's Code of Ethics.

Employees are allowed and even expected, point out ethical failures despite various instructions from superiors.

We believe that any attempt to prevent treatment of an ethical or other failure endangers the trust placed in us by our employees and partners.

The Company takes care to draw courageous lessons from failures , and gives employees confidence in fulfilling their aforementioned duty without fear of repercussions against them.



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## The Environment

IAI attaches great importance to the issue of the environment. The company's units are committed to high standards in creating a safe, healthy and clean workplace for employees and the community in which they operate. The quality control system is designed to ensure compliance with the standards of these internal and adherence to applicable laws.

IAI is committed to the continuous improvement of environmental performance, including the recognition of natural resources as a public resource and adopting practices that allow include, subject to considerations of cost-effectiveness, a wide range of factors and thus take advantage of unidentified opportunities and solutions.

## Safety

IAI conducts a wide range of business activities in Israel and around the world, involving employees. These activities require strict adherence to safety rules.

IAI is committed to providing a safe working environment free of safety and sanitation hazards .

## Product Quality and Safety

IAI develops, manufactures and delivers high-quality products, taking care to maintain the health and safety of customers.

Quality is an essential element in all IAI operations. IAI maintains high quality while complying with the requirements of the standards and certification authorities.

IAI maintains a comprehensive quality system in all its units.



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## Protection of Employee Privacy

IAI respects its employees' right to privacy.

We comply with all laws and regulations relating to the collection, recording and usage of data while maintaining a database of employees' personal data.

## Protection of Customer Privacy

IAI respects the privacy rights of its customers.

Company employees are committed to maintaining the confidentiality of information they receive in the course of their work, including information belonging to an individual, company, our customers, our suppliers and stakeholders.



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## Fair Trade

IAI competes in the domestic and global market based on the advantages of its products and services.

IAI conducts its business fairly while complying with laws and regulations. Employees of IAI and of IAI-controlled companies in Israel and abroad, who come into contact with customers and government officials, are obliged to recognize the laws and regulations applicable to IAI's areas of activity.

IAI treats its customers fairly and respectfully while ensuring that full and fair information is provided, all while maintaining proper commercial conduct.

IAI participates in tenders in accordance with the rules set out in them, and in accordance with the laws of the country in which the tender is published.

IAI prohibits any action related to the receipt and giving of gifts and benefits worth money, and also prohibits the granting of preferential treatment or intent to cause decision-making in an illegal manner.



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## Customer Service

Quality, efficient, reliable and courteous customer service and respectful negotiation practices are essential components of IAI policies and conduct.

IAI works to obtain feedback from its customers for continuous improvement.

## Economic Competition and Antitrust

IAI respects the provisions of the Israeli Economic Competition Law – 1988 in its business activities.

IAI encourages free competition and believes it will promote the corporate culture and business.

IAI executives and employees are obligated to refrain from coordinating sale or purchase prices with their competitors or from coordinating the company's bids for tenders in accordance with the bids of its competitors in the market. The company undertakes not to come with its competitors in matters concerning division of the market and / or limitation of quality and service and to refrain from passing on any information to competitors regarding price discounts, promotions or any similar information.

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## Permits and Licenses

IAI is careful to obtain permits, licenses and approvals from the Israeli government and from foreign governments required for its business activities – and to act in accordance with them.

IAI operates in accordance with the export policy of the State of Israel and also respects the export and import laws of the countries in which it operates.

## Anti-Bribery Compliance Program

IAI has a compliance program that includes procedures, rules, directives and guidelines designed to regulate its conduct vis-à-vis external parties in the context of preventing the offer of or payment of bribes to foreign public officials. The compliance program is aligned with OECD guidelines and in addition there are detailed procedures on the issues set forth in the Program.

The company's Compliance Organization works to assimilate and implement the compliance program through the management and control of marketing and procurement consultants and intermediaries, conducting due diligence, controlling payments for marketing and procurement consultants and conducting training at all levels of the company.



## General

IAI suppliers and partners are treated fairly as required by law, and IAI and its employees' behavior towards them is fair.

In performing work and providing service (according to the type of agreement) and in all matters relating directly and indirectly to the supplier's relations with IAI, the suppliers are asked to follow the principles of IAI's Code of Ethics and apply them, while adapting their procedures to those principles.

In circumstances where the suppliers act in accordance with an existing Code of Ethics in their organization, and instructions or principles are found in the same code of ethics that are inconsistent with the principles of IAI's Code of Ethics, the suppliers are asked to act, in all matters relating to IAI, in accordance with the principles of IAI's Code of Ethics.

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## Avoiding Conflicts of Interest and Preventing Corruption in Procurement Processes

It is critical to avoid any conflict of interest, direct or indirect.

Work must be performed in accordance with applicable laws and regulations, and Company rules.

Written notice must be provided of any possible conflict of interest between suppliers and company employees and of a conflict of interest that due to the work of an IAI supplier with an IAI competitor in a manner that may affect IAI.

It is prohibited to request / offer directly and / or indirectly, a fee and / or benefit and / or any other consideration in the contract with IAI. The aforementioned applies to both the Company's employees and to its business partners.

Honesty, integrity and openness are the basis of our approach to doing business and will form the basis of any engagement with suppliers and with other parties.

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## Conflict of interests

IAI prohibits its employees from engaging in investments and other activities that may create a conflict of interest between their position at IAI and their own personal (and / or those of their relatives) interests.

IAI prohibits private business activity with a business competing with IAI, or with a customer or supplier, if the same activity may cause the employee a situation of conflict of interest in performing his role in IAI.

## Prohibition of Receiving Benefits

IAI prohibits its employees from directly and / or indirectly receiving a benefit from an outside party that is related to the performance of their position in IAI or in exchange for performing activities in IAI, or may affect the fulfillment of their position.

IAI prohibits its executives from receiving a benefit from subordinate, directly and / or indirectly.

## Receiving Gifts

Receiving promotional items with low monetary value that bears the logo or name of the granting company, if allowed, will be in accordance with company procedures. IAI allows the provision of such gifts to external parties in accordance with its procedures.

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## Government Ties

IAI is a government company that sees its contribution to the security and economy of the State of Israel as a duty and a right. Any information transmitted by the Company's employees who represent it, to state authorities or other government bodies, in connection with an existing or developing public policy, will be factually accurate, and relevant and up to date.

Company employees who represent the company before state authorities are required to consult with their supervisors regarding any discussion, prior to its execution.

## Community Ties

IAI attaches great importance to connection with the community and believes in its responsibility and ability to create a substantial impact on the society in which we live. Therefore, the company invests in a variety of activities in the community, which are in line with the company's values and promote the technology, innovation, economy, education and security of the citizens of Israel.

IAI is committed to the community and its partners, and adheres to the highest standards in the areas of corporate responsibility.



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## Relationships with Shareholders and Creditors

IAI operates in accordance with its owner's guidelines as required by the relevant laws and regulations, as well as in accordance with the guidelines of the Government Companies Authority, the Securities Authority and other state authorities. IAI maintains a reliable and up-to-date report to all its stakeholders, including owners and creditors.

## Transparency in Interpersonal Relationships with Customers and Stakeholders

IAI employees avoid personal relationships with customers and stakeholders that conflict with the company's business. Employees will report such a relationship insofar as it exists or is being forged.



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## Protecting IAI Assets

IAI's tangible assets, including equipment, facilities and money, and its intangible assets, such as knowledge, patents, programs and computer software, will be properly managed and utilized in accordance with IAI regulations.

## Protecting Assets and Information of Others

IAI respects the rights of ownership of customers, suppliers and other third parties on their property.

IAI will use the the assets of others and protect them, in accordance with the agreements and arrangements with them and in accordance with IAI guidelines and procedures applicable to the subject.



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## Using Inside Information

IAI prohibits its employees from using inside information of the Company or companies held by the Company ("Group Companies"), that is not publicly available ("Inside Information"), including for the purposes of trading in securities of any kind and in any scope. Said prohibition applies to employees, their families or anyone on their behalf.

In addition, IAI prohibits the disclosure of inside information to third parties, in light of their concern that they (or whoever receives the information from them) will use the inside information for the purpose of trading securities trading or any other use.

The prohibition on the use of inside information as stated above, in most cases, also applies for certain periods after the termination of the employee's employment, assuming that the information has not become public domain.

In addition, employees are required to refrain from discussing or providing inside information concerning the Group Companies, to parties outside the company or to unauthorized parties in the company unless this is required in the performance of their duties in the company.

For the purpose of adhering to and implementing the provisions of the law on inside information, IAI manages an administrative enforcement plan on securities, which complies, among other things, with the provisions of the law and the guidelines of the Securities Authority on the subject.



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## Keeping Records

All data relating to assets, liabilities, income and expenses and other business data is fully and carefully collected and recorded in IAI books as required by law and generally accepted accounting principles

## Confidentiality and Information Security

IAI holds a great deal of classified information, belonging both to the State of Israel and by foreign customers. Any disclosure of this information may endanger the security of the State. Therefore, disclosure of classified information is strictly prohibited unless it is done in accordance with rules, procedures and the law.

## International Legislation

IAI always complies with the provisions of relevant international laws, as well as other taxation and currency laws in countries in which it operates.

IAI carefully manages end-user requirements in all cases where this is required.

## Electronic Communication

IAI employees are not allowed to access or use IAI's electronic and online systems without proper authorization. It is also forbidden to transmit or receive material via the media that could harass, embarrass or harm another person.

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## Validity and Reliability of Company Reports and Publications

The Company's reports constitute accurate information that accurately reflects the situation.

Information that was obtained by the company and that might affect Company reporting or performance, is reported to the government agencies responsible for monitoring IAI's compliance with regulations.

The Company strongly emphasizes reliability of all of its publications, and their contents are coordinated with the relevant authorities in the Company.

# The Code of Ethics – who to contact

The Code is available to read in full on the Company's external and internal website, in English and Hebrew

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**Adv. Yael Glzen**

in charge of the Code of Ethics at IAI

✉ [gayael@iai.co.il](mailto:gayael@iai.co.il)  
☎ +972 3 9353412

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**Mr. Shaul Debbie**

VP, the Company's internal auditor in charge of employee complaints and public inquiries

Inquiries may be submitted to the Inquiries box on the company's website, which appears in the "Contact Us" tab, under the link to "Public Requests and Complaints" (<https://www.iai.co.il/public-requests-and-complaints>)

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**Adv. Adi Hersztadt**

VP, Chief Compliance Officer  
[ahersztadt@iai.co.il](mailto:ahersztadt@iai.co.il)

Concerns regarding violations of compliance rules may be submitted to the Compliance Organization via the organization's site on IAI's internal intranet. Public requests and complaints may be submitted via IAI's external website ([www.iai.co.il/public-requests-and-complaints](http://www.iai.co.il/public-requests-and-complaints))

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**Adv. Tamar Luz**

Executive VP and General Council

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