



Israel Aerospace Industries Ltd.

SUMMARY TRANSLATION
OF THE POLICY OF
ISRAEL AEROSPACE INDUSTRIES LTD. ("IAI")
TO COMBAT TRAFFICKING IN PERSONS

Note: This document is a synopsis translation of material elements of IAI's policy to combat trafficking in persons, adopted in Hebrew as General Procedure No. 100.01.09. The original Hebrew version (last update – 5 May 2016) is the official document.

1 General

1. According to the Israeli Penal Code of 1977, trafficking in persons is a criminal offense (**'trafficking in persons'** – the sale or purchase of a person or making a transaction in another person, whether for consideration or not).

This is an international phenomenon known as 'modern slavery', according to which the reference to individuals is only as tools, while exercising real control over their lives or physical restraint, for work or services, including sexual services.

2. Israel is a signatory to international treaties to combat trafficking in persons, like the Convention for the Suppression of the Traffic in Persons and of the Exploitation of the Prostitution of Others, which the State of Israel signed in 1950. In 1955 the State of Israel ratified the Convention Concerning Forced or Compulsory Labour, 1930 (No. 29) of the International Labour Organization.
3. The US State Department presents to the US Congress every year a report on the state of trafficking in persons around the world and the struggle of countries against this phenomenon under the provisions of the Victims of Trafficking and Violence Protection Act, enacted in the United States in 2000. Today the State of Israel is in the highest category in this report; this category includes countries whose governments fully comply with the minimum standards outlined by the United States to combat trafficking in persons.
4. The Government of Israel has taken enforcement action against trafficking for commercial, sexual exploitation and trafficking for labor (slavery and forced labor), of Israeli citizens and foreign workers in Israel (a domain prone to trouble in terms of offenses of slavery and forced labor). Details on this can be found on the website of the Office of the Ministry of Justice, National Anti-Trafficking Coordinator (Coordination of the Fight against Trafficking of Human Beings).



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5. Israel Aerospace Industries Ltd. (“IAI” or the “**Company**”) attaches great importance to international efforts to combat trafficking in persons and has therefore established the policy detailed in this procedure and works to disseminate and implement, through the compliance plan described in this procedure, with its directives for its employees, agents, subcontractors, their employees and their agents, as described in this procedure.
6. The Company's policy to combat trafficking in persons provides, inter alia, that it is forbidden for the Company, its employees and agents and subcontractors of the Company in projects for the US government and their employees and agents, to perform various actions, including engaging in forms of trafficking in persons, buying commercial prostitution services, the use of forced labor, the prevention of access of an employee in any way to his identification or immigration documents, such as a passport or driver's license, to use deceptive or fraudulent practices during recruitment or job offer, such as non-disclosure, in a format and language understood by the employee, and it also expects all of its other subcontractors to adopt this policy.
7. This procedure is intended to raise awareness within the Company to this issue of trafficking in persons with the goal of acting in order to prevent and eradicate it.
8. This procedure applies to all units of the Company.
9. Subsidiaries of the Company will adopt the principles of the procedure, with the necessary modifications and in accordance with the decisions of their boards of directors.

2 Purpose

The purpose of the procedure is to define the Company's policy regarding the combat of trafficking in persons and to establish rules for its implementation, through the compliance plan, within the Company and among entities representing it or acting on its behalf.



3 Definitions

In this procedure:

1. **compliance plan**

The plan detailed in this procedure for implementing the Company's policy to combat trafficking in persons.

2. **agent**

An individual, including any director, manager, employee or independent contractor, authorized to act on behalf of the Company.

3. **coercion**

One of the following:

3.1. Threats of serious harm to or physical restraint against any person.

3.2. Any plan or pattern intended to cause a person to believe that failure to perform an act would result in serious harm to or physical restraint against him or any person.

3.3. The abuse, or threatened abuse, of the legal process.

4. **commercial prostitution**

Any sex act on account of which anything of value is given to or received by any person.

5. **debt bondage**

The status or condition of a debtor arising from a pledge by the debtor of his or her personal services or of those of a person under his or her control as a security for debt, if the value of those services as reasonably assessed is not applied toward the liquidation of the debt or the length and nature of those services are not respectively limited and defined.

6. **employee**

An employee of the Company or subcontractor, as appropriate.

7. **forced labor**

Knowingly providing or obtaining the labor or services of a person by one of the following:

7.1. Threats of serious harm to, or physical restraint against, that person or another person.



- 7.2. Any plan or pattern intended to cause the person to believe that, if the person did not perform such labor or services, that person or another person would suffer serious harm or physical restraint.
- 7.3. Abuse or threatened abuse of the law or the legal process.
- 8. **involuntary servitude**
Including the condition of servitude induced by means of one of the following:
 - 8.1. Any plan or pattern intended to cause a person to believe that, if the person did not enter into or continue in such conditions, that person or another person would suffer serious harm or physical restraint.
 - 8.2. Abuse or threatened abuse of the legal process.
- 9. **severe forms of trafficking in persons**
One of the following:
 - 9.1. Sex trafficking in which a commercial prostitution is induced by force, fraud, or coercion, or in which the person induced to perform such act has not attained 18 years of age.
 - 9.2. The recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or forced labor.
- 10. **sex trafficking:**
The recruitment, harboring, transportation, provision, or obtaining of a person for the purpose of commercial prostitution.
- 11. **subcontractor:**
Any supplier, distributor, consultant, marketing promoter or company that provides equipment or services to the Company or another if its subcontractors.
- 12. **subcontract**
Any agreement signed with a subcontractor for the supply of equipment or performing services for the Company or its subcontractors.



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13. **subsidiary**

Any subsidiary of IAI in which IAI holds 50% or more.

14. **USA**

The 50 states of the United States, the District of Columbia and outlying areas.

4 Powers and Responsibilities

1. The Director of Employee Welfare and Retirement of the Company is authorized and responsible to:

1. 1. Integrate within the Company the compliance plan to implement the Company's policy to combat trafficking in persons and to monitor compliance with this policy, as outlined in this procedure.

1. 2. Check reports regarding alleged violations of the above Company policy and taking measures and remedies in cases where such violations are found.

2. The Plant Manager (or his designate) is authorized and responsible, regarding US government projects under the responsibility of such Manager's Plant, to:

2. 1. Work towards the implementation of the compliance plan by the relevant subcontractors in these projects, which aims to prevent any prohibited activity in accordance with paragraph (b) of FAR 52.222-50, and monitor its implementation, as outlined in the procedure.

2. 2. Certify, as required by the US government (or the relevant prime contractor for the US government), regarding the implementation of the compliance plan to combat trafficking in persons in the Company and its subcontractors and the results of due diligence regarding reports of alleged violations of the policy and measures and remedies taken in the cases where violations were found.

5 The Company's Policy to Combat Trafficking in Persons

1. The Company is committed to comply with all laws and regulations that apply to it regarding ethical conduct and the fight against corruption, and accordingly, the Company is opposed to trafficking in persons and the exploitation of workers. In addition, the Company's management understands the importance of the zero tolerance policy of the US government to trafficking in persons by its contractors and subcontractors, their employees and agents. This policy applies to all



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employees of the Company and its subsidiaries, and its sub-contractors who work on US government projects. The Company expects all its other subcontractors to adopt this policy.

2. The Company has adopted a policy prohibiting trafficking in persons. Under this policy the Company, its employees, agents and subcontractors who work on US government projects and their employees and agents:
 - 2.1. Will not engage in severe forms of trafficking in persons.
 - 2.2. Will not buy commercial prostitution services.
 - 2.3. Will not use forced labor.
 - 2.4. Will not destroy, conceal, confiscate, or otherwise deny access by an employee to the employee's identity or immigration documents, such as passports or driver's licenses, regardless of issuing authority.
 - 2.5. Will not use misleading or fraudulent practices during the recruitment of employees or offering of employment, such as failing to disclose, in a format and language accessible to the worker, basic information or making material misrepresentations during the recruitment of employees regarding the key terms and conditions of employment, including wages and fringe benefits, the location of work, the living conditions, housing and associated costs (if employer or agent has provided or arranged), any significant cost to be charged to the employee, and, if applicable, the hazardous nature of the work.
 - 2.6. Will not use recruiters who do not comply with local labor laws of the country in which the recruitment takes place.
 - 2.7. Will not charge employees recruitment fees.
 - 2.8. In US government projects, will provide return transportation (to the country he came from) or pay for the cost of traveling back (to the country he came from) at the end of employment, for one of the following (except in the cases specified in section 2. 9 below):
 - 2.8.1. for an employee who is not a national of the country in which the work is taking place and who was brought into that country for the purpose of working on a Company contract or subcontract.
 - 2.8.2. for an employee who is not a United States national and who was brought into the United States for the purpose of working on a U.S. Government contract or subcontract, if the payment of such costs is



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required under existing temporary worker programs or pursuant to a written agreement with the employee (for portions of contracts performed inside the United States).

- 2.9. The requirements of paragraph 2.8 above will not apply to an employee for whom one of the following is true:
- 2.9.1. he is legally permitted to remain in the country of employment and he chooses to do so.
 - 2.9.2. he has been given an exemption, by an authorized official of the pertinent contracting agency of the US Government regarding the relevant contract, from the requirement to provide return transportation or pay for the cost of the return transportation.
- 2.10. The requirements of paragraph 2.8 above are modified for a victim of trafficking in persons who is seeking victim services or legal redress in the country of employment, or for a witness in an enforcement action related to trafficking in persons. The Company or the relevant subcontractor will provide the return transportation or pay the cost of return transportation in a way that does not obstruct the victim services, legal redress, or witness activity. For example, the Company or the relevant subcontractor will not offer return transportation to a witness only at a time when the witness is still needed to testify. This paragraph does not apply when the exemptions in paragraph 2.9 above apply.
- 2.11. Will not provide or arrange housing that does not meet the host country housing and safety standards.
- 2.12. Will provide an employment contract, recruitment agreement, or other required work document in writing. Such written work document will be in a language the employee understands. If the employee must relocate to perform the work, the work document will be provided to the employee at least five days prior to the employee relocating. The employee's work document will include, but is not limited to, details about work description, wages, prohibition on charging recruitment fees, work location(s), living accommodations and associated costs, time off, round-trip transportation arrangements, grievance process, and the content of applicable laws and regulations that prohibit trafficking in persons.



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6 Implementation

The implementation of Company policy to combat trafficking in persons will be applied through the compliance plan according to the following rules:

6. 1. Penalties for Violation of the Policy

1. Any violation of the policy included in this procedure by an employee of the Company may result in disciplinary action against him on the part of the Company, which may include, but is not limited to, removal from his job, reduction in benefits or termination of employment.
2. Any violation of the policy included in this procedure by a subcontractor or an agent of the in US government projects could result in the termination or suspension of the contract with such subcontractor or agent, or other appropriate action including a deduction in fees payable to such subcontractor or agent in accordance with the payment plan for the period in which it was determined that there was a violation.

6. 2 Subcontractors

1. The Company will include its policies regarding combating trafficking in persons in all its sub-contracting agreements and all its agreements with agents, using the following article, to be included in the general procurement conditions of the Company.

"IAI is opposed to trafficking in persons and exploitation of labor personnel and supports the United States Government's zero tolerance for trafficking in persons by its contractors and subcontractors and their employees and agents. The United States Government policy for trafficking in persons be found in the Federal Acquisition Regulations 52.222-50 Combating Trafficking In Persons. Accordingly, IAI has adopted a policy regarding trafficking in persons that can be found on IAI's website at WWW.IAI.CO.IL. IAI expects its subcontractors and agents to comply with this policy".

2. The Company will include and implement FAR 52.222-50 regarding the fight against trafficking in persons in all of the agreements with subcontractors and agents for US government projects, through the following section or similar language, to be included in all such agreements:

"Federal Acquisition Regulation (FAR) 52.222-50 Combating Trafficking In Persons is incorporated herein by reference, with the same force and effect as if the full text was included here, except replace "Contracting Officer" with "IAI" throughout the clause and insert "and IAI" after "Government" throughout paragraph (e)."

3. The Company will require its subcontractors in US government projects:



- 3.1. To update their employees and agents with regard to:
 - 3.1.1. The policy of the US government and the Company which prohibits trafficking in persons.
 - 3.1.2. The steps to be taken against the employee or agent for violating this policy. These steps against employees may include, but are not limited to, termination of employment in an activity regarding the contracting of the subcontractor with the Company, reducing benefits, or termination of employment.
- 3.2. To take the necessary steps, up to and including termination of employment, against employees, agents or subcontractors who violate the policy of the US government or the Company which prohibits the trafficking in persons.
- 3.3. For a contract with a value in excess of 500 thousand dollars, that is not for off-the-shelf products (as defined in FAR 52.222-50 regulation), and where the work is performed outside the United States – to declare in the form presented in the Appendix to the procedure, on the date of the signing of an agreement with the Company as well as once a year as long as the same agreement is in effect and upon the request of the Company, that a compliance plan has been implemented to prevent any activity prohibited in accordance with paragraph (b) of FAR 52.222-50, and to monitor, detect and terminate the employment of any agent, subcontractor or employee of a subcontractor engaged in a prohibited activity as mentioned above, and that after checking with due diligence found that
 - 3.3.1. To the best of the subcontractor's knowledge and belief, neither it nor any of its agents, subcontractors or agents is engaged in any prohibited activity from the prohibited acts listed in paragraph (b) of FAR 52.222-50.or
 - 3.3.2. If any violations relating to one of the prohibited activities set forth in paragraph (b) of FAR 52.222-50 have been found, the subcontractor and / or its subcontractor has taken the necessary measures and remedies, including reporting to the



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Company on the violations found and measures / remedies taken.

6. 3. Compliance with all relevant Federal Acquisition Regulations (FAR's)

In US government projects;

1. The Company will comply with all federal procurement regulations, relating to trafficking in persons applying to it.
2. The Company will update the contract officer and inspector general of the pertinent US Agency in accordance with Federal procurement regulations regarding allegations that an employee or agent of the Company or of the Company's subcontractors in these projects have engaged in activities that violate the policy of the US government prohibiting trafficking in persons, as well as regarding any remedial action taken in this regard.
3. The Company will cooperate fully with the US government regarding compliance with and violations of the US government policy prohibiting trafficking in persons, as required by the relevant federal procurement regulations.

6.4 Awareness Program

1. The Company's policy to combat trafficking in persons will be posted on the Company's intranet website, and notification will be sent to all employees explaining this policy and informing them of its location on the Company's intranet website. A refresher notification with explanation will be sent at least once a year.
2. Additional information about the combatting trafficking in persons can be found at the website of the US State Department Office to Monitor and Combat Trafficking in Persons on the Internet at: <http://www.state.gov/j/tip/>.
3. For further information regarding the Company's policy to combat trafficking in persons or any questions regarding the responsibility of any third party within the framework of the Company's policy on this matter, please contact:
 - 3.1. The Director of Employee Welfare and Retirement, phone +972-3-935-3888 or by email at yebachar@iai.co.il.



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- 3.2. Assistant General Counsel responsible for the Company's policy to combat trafficking in persons, phone +972-3-935-3071 or by email at awertent@iai.co.il.
- 3.3. The Executive Vice President, Supply Chain Management Procurement and Logistics,, phone +972-3-935-8507 or by email at yeldar@iai.co.il.

6.5 Reporting

1. Employees may report without fear of retaliation, any activity inconsistent with the Company's policy to combat trafficking in persons, in accordance with Section 6.5 of General Procedure No. 100.01.09.
2. Agents and subcontractors of the Company may report without fear of retaliation, any activity inconsistent with the Company's policy to combat trafficking in persons, by contacting one of the following officials:
 - 2.1. The Director of Employee Welfare and Retirement, phone +972-3-935-3888 or by email at yebachar@iai.co.il.
 - 2.2. The Executive Vice President, Supply Chain Management Procurement and Logistics, phone +972-3-935-8507 or by email at yeldar@iai.co.il.
3. Employees, agents and subcontractors of the Company can also report, without fear of retaliation, any activity inconsistent with this policy, by contacting the international trafficking in persons' hotline, phone 3733-1-844-888 or by email to HELP@BEFREE.ORG.

6.6. Recruitment and Wages

1. The Company prohibits charging recruitment fees to its employees. The Company will pay its employees in accordance with all legal requirements of the country governing such employment.
2. The Company will only permit the use of recruitment companies with trained employees and which comply with the requirements of section 1 above.

6.7 Housing

If the Company or its subcontractors intend to provide or arrange accommodations for employees, they must provide accommodations that ensure



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that the housing conditions comply with the host country housing and safety standards.

6. 8. Prevention

1. The Director of Employee Welfare and Retirement will monitor compliance of this policy by the Company's employees, agents and subcontractors and will initiate the implementation of applicable remedies in the event a violation of this policy is found.
2. Monitoring of the compliance with this policy by subcontractors, their employees and agents, and initiation of implementation of the relevant remedies in the event that a violation of this policy by subcontractors, their employees or their agents is found, will be done through the plant managers concerning US government projects within their responsibilities.
3. The plant manager will, as regards US government project/s within his responsibility:
 - 3.1. Monitor compliance with these policies by subcontractors, their employees and agents, and the implementation of relevant remedies if a violation of this policy by them, as well as by Company employees and agents in these projects has been found.
 - 3.2. Ensure and affirm (either he or of his representative) as required by the US government (or the relevant main contractor for the US government), that in these projects:
 - 3.2.1. The Company has implemented a compliance plan designed to prevent any activity prohibited as specified in paragraph 2 of Section 5 above, and to monitor, detect and terminate the employment of any agent, employee or subcontractor of a subcontractor employee engaged in a prohibited activity.
 - 3.2.2. After performing due diligence it was found that:
 - to the best of the Company's knowledge and belief, neither it nor any of its agents, subcontractors or their agents are engaged in any forbidden activity from the prohibited activities listed in paragraph 2 of Section 5 above

or



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- if any violations relating to one of the prohibited activities listed in paragraph 2 of Section 5 above, the Company or subcontractor has taken the appropriate measures and remedies.



Appendix
Subcontractor Statement

Subcontractor: _____ Corporation number: _____
Address: _____
Through Ms./Mr. _____ Title: _____
I.D. No. _____
Email: _____ Phone: _____
Supplier No.: _____

The Subcontractor hereby certifies that:

- 1. Subcontractor has implemented a compliance plan to prevent any prohibited activities identified at paragraph (b) of Federal Acquisition Regulation (FAR) 52.222-50 Combating Trafficking In Persons and to monitor, detect, and terminate any agent, subcontract or subcontractor employee engaging in such prohibited activities; and
2. After having conducted due diligence, either:
a. To the best of the Subcontractor's knowledge and belief, neither it nor any of its agents, subcontractors, or their agents is engaged in any such prohibited activities; or
b. If abuses relating to any of such prohibited activities have been found, the Contractor or subcontractor has taken the appropriate remedial and referral actions.

For the purposes of this certification, "agent" means any individual, including a director, an officer, an employee, or an independent contractor, authorized to act on behalf of the organization.

Name: _____ Signature: _____

Company Name: (Subcontractor): _____

Date: _____