

Israel Aerospace Industries Sustainability Policy



IAI is a leader in the development, production and export of advanced commercial and military systems, in the air, at sea, on the ground, in space and cyber. As a large Israeli governmental company, IAI operates from a vision of growth and risk management, expressed by extensive investments, in order to ensure business strength alongside sustainable practice in environmental and social aspects, for the benefit of this generation and for the future ones. IAI sees itself as an inseparable part of our nation's fabric of society, both in routine and in times of crisis.

The Principles of Sustainability

IAI operates and is governed by law, and maintains an array of company values for ethical, moral and transparent conduct. The expectation of responsible conduct is implemented at all levels - from the board of directors, through senior and junior management and all the way down to individual employees. IAI believes that it must act fairly and with integrity through its value chain, including competitors. IAI identifies activities and opportunities for undertaking action beyond compliance, which combine business benefits with a contribution to creating a better world such as the adoption of safety systems management standards, voluntary environment and social responsibility initiatives, as well as local and international treaties. The broad scope of activities of IAI affects a variety of stakeholders in economic, social and environmental aspects - employees and retirees, customers, owners, suppliers, authorities and the communities in which it operates. IAI works in cooperation with its stakeholders, and invests considerable resources in the implementation of internal and external mechanisms to both identify and respond to their needs and expectations, as well as to grant accessibility to information regarding its activities and operations, within the limits of security requirements.

Economic aspects

As partner in facing the State of Israel national challenges, IAI attaches great importance to investment in research and development, in implementing advanced infrastructure at its plants, in local procurement and in encouraging innovation and creativity among its employees and partners, while retaining the organizational knowledge and experience accumulated over the years. The company systematically implements risk management processes that incorporate aspects of sustainability, in order to respond efficiently and effectively to the changing demands of the markets, and to allow a strong and continuous steadfastness in times of potential crisis.

Environmental aspects

IAI has identified the following activities as having a significant environmental impact: a. Research, Development and new technologies; b. Production and operation processes and infrastructure; c. Supply chain and reciprocal procurements; d. Leveraging environmental aspects towards efficiency and savings processes. While continually striving for environmental protection, IAI manages the following environmental aspects, both in routine and in emergency: Resources: energy, land, water and raw materials, both hazardous and nonhazardous; Emissions: air, wastewater and hazardous and non-hazardous waste; Factors affecting climate change: mitigation and adaptation processes. IAI is committed to meeting all regulatory requirements in all of its sites. For this purpose, IAI maintains an internal system of

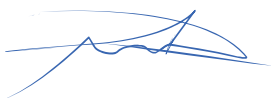
environmental experts, responsible for running environmental management systems that include, inter alia, procedures, training, infrastructure and treatment solutions and monitoring and reporting systems. In addition, IAI is leading initiatives to expand its positive environmental footprint, such as developing green alternatives to products, partnership in environmentally friendly aviation projects and integrating a life-cycle management approach, as well as internal initiatives that demonstrate environmental excellence.

Social aspects

IAI owns several sites throughout the country, and employs thousands of workers in a variety of jobs, thus affecting directly and indirectly on tens of thousands of households in Israel. IAI emphasizes keeping the safety of its employees, both in routine and in times of crisis, while ensuring stability and operational business continuity as an essential business. IAI insists on meeting human rights and individual freedom of association of its employees while creating a healthy, safe and empowering work environment. IAI emphasizes the expansion and diversification of employment, home-work life balance and investment in development and training of employees, which help professional advancement and routing of creativity, skills and entrepreneurship of its employees towards a culture of excellence and significant contribution. IAI expects its employees and managers to assume personal and moral responsibility on issues of ethics, Anti-Corruption and bribery prevention, safety, health and quality, and provides them with tools for informed conduct on these issues. IAI creates various opportunities for its people to help meeting community needs according to their desires and interests, and encourages taking an active part and becoming involved in the community – from laying opportunities for employment, promotion of educational initiatives in the field of technology and IAI's core business, to activities with special needs populations.

Management Commitment

IAI expects its managers to be a role model in environmental and social responsibility, with a commitment to business excellence, to include these considerations in decision making and allocate resources for sustainable action in their operations. IAI provides tools for its managers to manage economic, environmental and social risks and opportunities arising from their business units' processes. IAI's board of directors and senior management will review the company's sustainability policy periodically, to ensure its validity, dissemination and integration, and the continual update of its stakeholders, including within its subsidiaries.

A blue ink signature of Boaz Levy, consisting of several fluid, overlapping strokes.

Boaz Levy
President and Chief Executive Officer