
IAI
Code of
Ethics



A Message from the CEO

Our vision at IAI is to lead at the forefront of technology and innovation, to create breakthrough solutions, and to contribute to the security and resilience of the State of Israel and our many other customers across the world, through responsible, ethical, and professional conduct.

The company's achievements are measured not only by technological breakthroughs, system quality, and business success, but also by the way we operate. Trust, integrity, mutual respect, and responsible judgment are fundamental conditions for our success and for preserving the reputation we have built over the years.

The complex environment in which we operate presents us with professional and human dilemmas that require judgment, transparency, and accountability.

The company's Code of Ethics provides practical guidance for navigating these dilemmas. It is not merely a declarative statement of principles or a set of rules: but rather it is a practical compass that translates the company's core values into clear standards of conduct. Together with the laws, procedures, and binding directives that govern us, it defines the standard we set for ourselves–even when the right course of action is not clear-cut.

The responsibility for fostering a shared ethical culture rests with all of us - employees and managers alike–across IAI and its subsidiaries under its control. I expect each of us to become familiar with the Code of Ethics, apply it in decision-making, raise questions whenever doubts arise, and consult without hesitation with the appropriate persons as identified in the Code of Ethics. Managers have a special responsibility to lead by example, encourage open dialogue, and ensure that the work environment enables every employee to act with integrity.

The Code of Ethics gains meaning only when it guides our daily choices. When we act together with responsibility, respect, and professionalism, we build the trust of our stakeholders in our choices and continue to lead not only through what we achieve, but also through how we achieve it.

With best regards,

Guy Bar-Lev

CEO, IAI – Israel Aerospace Industries

Table of Contents

1. Statements of intent
2. Environmental responsibility, work safety and product quality
3. Regulations
4. Organizational culture
5. Integrity
6. Privacy, confidentiality and information security
7. Company vision and values
8. Procurement and trade
9. Decision-making model
10. Contact us

Statement of Intent

The Code of Ethics constitutes a moral and professional compass, expressing the values, principles, and norms of behavior expected at IAI.

The Code of Ethics is designed to promote an organizational culture based on integrity, fairness, transparency, mutual respect, and corporate and social responsibility, while maintaining high ethical standards that respect human rights, the law, and the environment.

The Code of Ethics is binding for IAI's directors, managers, employees, and consultants, as well as anyone selected to represent IAI and/or act on its behalf.

IAI's controlled subsidiaries in Israel and around the world will also work to adopt the Code of Ethics, with the locally-suitable changes. This is in addition to the legal provisions that govern the activities of IAI and its subsidiaries.

IAI also expects its suppliers to act in the spirit of the principles outlined in the Code of Ethics.



Company Vision and Values

WE PROVIDE THE **TECHNOLOGICAL EDGE** THAT **MAKES THE DIFFERENCE** FOR YOU

We...

Act as one team

are Committed to achieving results

have a "can do approach"

have the courage to be first

are your partner for success

- **Together** teamwork
- **Results-Oriented** Results-driven
- **Anything is Possible** Can-do approach
- **Daring** Courage
- **Customer Focus** Customer intimacy

Guiding Principles

- **Commitment to Israel's Security**
- **Corporate Responsibility**
- **Commitment to our Employees**

The Company's Guiding Principles

Commitment to Israel's Security and State Values

IAI will continue its illustrious legacy as a leading and vital partner in ensuring Israel's security and preserving the freedom and security of the country's citizens. This principle exists alongside a commitment to all the company's customers around the world.

Corporate Responsibility

IAI will continue to be committed to its employees, partners, and community, and will adhere to the highest standards in the areas of social and corporate responsibility, including diversity, sustainability, and the environment.

Commitment to our Employees

IAI will continue to invest in safety, professionalism, and the work environment, as part of a professional and supportive framework to secure the future of the company and its employees.

Regulations

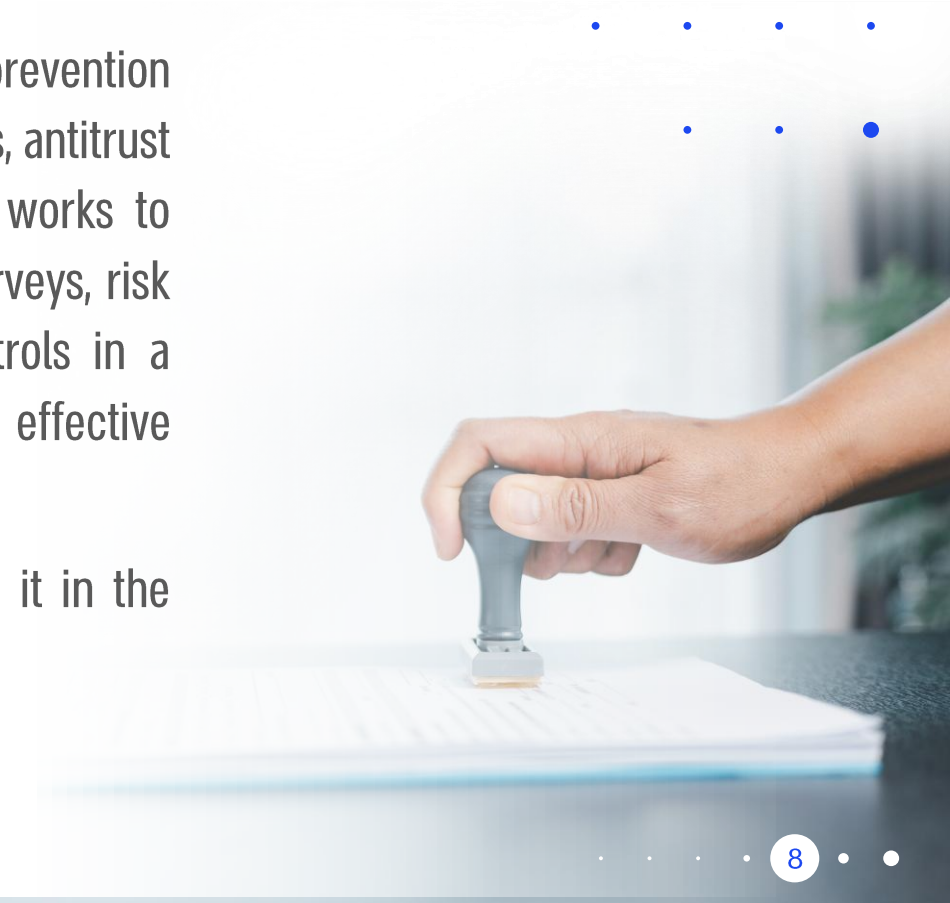


Local and International Regulations

Compliance with legal provisions is a basic condition for ethical conduct. IAI is committed to complying with the legal provisions applicable to its activities in the State of Israel as well as its internal procedures, and guides its employees accordingly.

In addition, IAI has compliance programs in the following areas: securities laws, prevention of corruption including bribery of foreign public officials, government companies, antitrust laws, as well as a structured policy on risk management and integrity. IAI works to implement these programs, among other things, by conducting compliance surveys, risk assessments, implementing legislation, training, and performing various controls in a manner that will ensure their existence and enforcement in an efficient and effective manner.

Additionally, IAI is obligated to comply with the legal provisions applicable to it in the countries in which it operates, to the extent that they are relevant to its activities.



Stakeholder Relations

As a government company, IAI sees it as its duty and right to contribute to the security and economy of the State of Israel.

IAI operates in accordance with the guidelines of the Government Companies Authority and other regulatory authorities within the framework of its activities and subject to all laws.

IAI ensures it provides reliable reporting to its owners, bondholders, and state authorities, as well as other government entities.

Permits and Licenses

IAI operates in accordance with the State of Israel's 2007 Defense Export Control Law.

IAI makes sure to obtain the government licenses and approvals necessary for its operations and acts in accordance with them.

Transparency and Reliability of IAI Reports and Publications

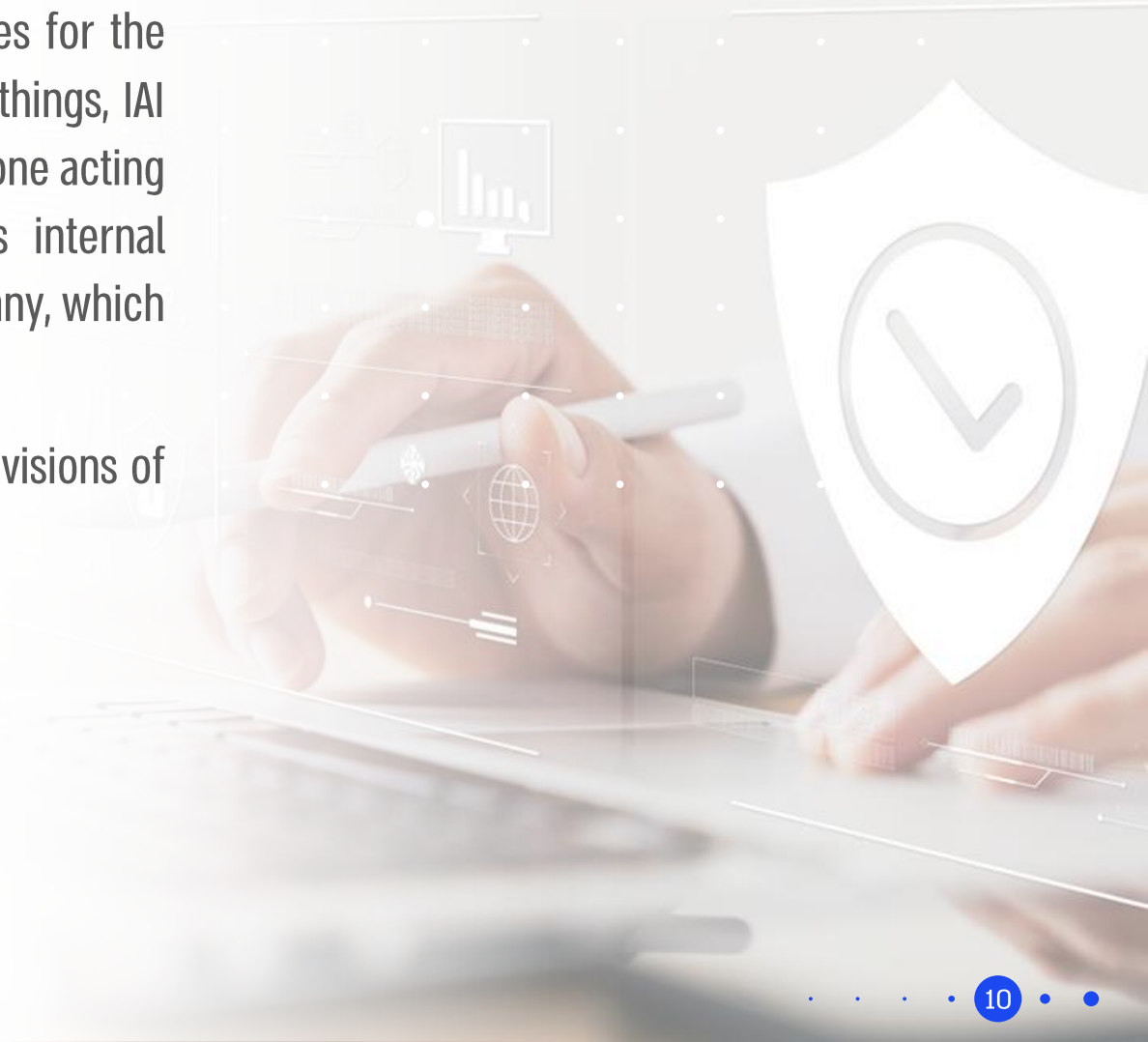
IAI reports include accurate and reliable information, and the company works to ensure the reliability of its publications with all parties with whom it works.

In addition, IAI reports to regulatory bodies on material information regarding its affairs in accordance with the provisions of the law.

Prohibition of the Use of Inside Information

IAI maintains an internal compliance program in the field of securities laws, the purpose of which is to outline standards and guiding principles for the conduct of the company, its officers and employees. Among other things, IAI prohibits its employees (including their family members and/or anyone acting on their behalf) from using and/or disclosing to third parties internal information of the company and/or of companies held by the company, which is not in the public domain.

The compliance plan includes procedures that comply with the provisions of securities laws and the guidelines of the Securities Authority.



Organizational Culture



Work Environment

IAI respects the human rights of its employees and does its best to create a positive and safe work environment, free from discrimination of any kind and strives to ensure that each of its employees is treated fairly and respectfully.

IAI is committed to employing its employees under fair, appropriate and equitable conditions in accordance with the provisions of the law.

IAI maintains an organizational culture characterized by integrity, cooperation, and mutual respect.

IAI allows all employees to express their opinions and believes in constructive criticism and providing assistance that encourages collaboration and teamwork.

IAI requires all its employees to be considerate of the feelings of others, maintain basic etiquette and proper appearance, and takes all measures to prevent sexual harassment and abuse of any kind.

IAI requires that its employees observe the company's rules of discipline, including strict adherence to moral integrity.



Social Responsibility

IAI is committed to acting in accordance with the principles of social responsibility, recognizing the importance of impacting the community, society, and the environment.

IAI encourages its employees to engage in social engagement and community initiatives in various fields, and invests in activities that are consistent with the company's values, which advance technology, innovation, the economy, education, and security for Israeli citizens.

Equal Employment Opportunity

IAI is committed to acting in accordance with equal opportunity principles and avoiding any type of discrimination in the recruitment, selection, and promotion processes of employees, as well as in relation to employment conditions and work practices.

IAI is committed to gender and employment equality.



Work Environment

IAI prohibits any use of company resources, facilities, and means to promote political issues, including electioneering and/or misuse of working hours.

Political involvement by company employees is only possible in personal settings and outside of working hours.

IAI expects its employees to conduct respectful and decent political discourse.

Responsibility for Exposing Ethical Failures

IAI expects its employees to report ethical failures, and believes that any attempt to prevent the handling of an ethical failure undermines IAI's values and goals.

IAI takes care to draw lessons from failures and implement them.

IAI is committed to protecting its employees, who file complaints, from degradation of their working conditions, in accordance with the law and company procedures.



Integrity



Prevention of Bribery and Corruption

IAI works to prevent embezzlement and fraud and maintains a systematic policy, which aims to define the basic principles on the subject, mapS risks related to fraud and embezzlement, and defines the method of supervision, control, enforcement, and reporting.

In addition, IAI maintains a plan to prevent bribery and corruption of foreign government officials, which includes rules, instructions and guidelines, which are intended to regulate its conduct with foreign entities in the context of preventing the offering or giving of bribes to foreign public officials, and works to implement it among all company employees. The compliance plan is updated from time to time as it is tailored to the company's activities and complies with the requirements of the OECD guidelines.

Lack of Conflict of Interest

IAI prohibits its employees from engaging in any activity that could potentially create a conflict of interest between their role at IAI and their personal interests and/or those of their relatives.

IAI prohibits its employees from conducting private business activities with a business organization that competes with IAI, or with an IAI customer or supplier, if such activities could create a potential conflict of interest in the performance of their duties at IAI.

Prohibition of Receiving Benefits and Gift Giving

IAI prohibits its employees from receiving, directly and/or indirectly, any benefit from an outside party arising from and/or related to the performance of their duties.

IAI permits the granting of gifts to external entities in accordance with its procedures.

Privacy, Confidentiality and Information Security



Confidentiality and Security of Classified Information

IAI has access to classified security information, including that of the State of Israel, its customers and suppliers. Disclosure of this information may harm the security of the state, the company, its employees, and any other relevant party and is therefore prohibited, except if it is done in accordance with the guidelines of the IAI Security Organization.

Confidentiality and Business Information Security

IAI is committed to maintaining the confidentiality of business information of both the State of Israel and its customers and suppliers. Disclosure of this information may harm the security of the state, the company, its employees, and any other relevant party, and is therefore prohibited, unless it is done in accordance with the company's rules and procedures and subject to all laws.

IAI employees act only in accordance with the access permissions they are granted to the company's information systems and are obligated to prevent the leaking of business and security information.



Asset Protection

IAI protects its tangible and intangible assets in accordance with company rules and procedures and subject to all laws.

IAI respects the ownership rights of customers, suppliers and other third parties over their assets, and works to protect them in accordance with agreements and arrangements with them and in accordance with IAI guidelines and procedures applicable to the subject.

Privacy Protection

IAI respects the right to privacy of its employees, customers, suppliers, and any other party that comes into contact with it.

IAI manages databases holding personal data in accordance with legal provisions, and implements advanced organizational and technological measures to secure the information and prevent its unauthorized use.

IAI employees are obligated to maintain the confidentiality of information received by them in the course of their work, and the company will act in accordance with reporting and compliance obligations set forth by law in the event of an information security incident.



Environmental Responsibility, Work Safety and Product Quality



Environmental Responsibility

IAI attaches great importance to environmental responsibility and is committed to high standards in creating a safe, healthy and clean workplace.

IAI is committed to continuously improving environmental performance and adopts methods and processes that allow it to make the most of opportunities and solutions that are as environmentally friendly as possible.

Work Safety

IAI is committed to providing a safe work environment that strictly adheres to safety rules and is free of safety and health hazards in its local and international operations.

Product Quality and Safety

IAI ensures the high and meticulous quality and safety of its products, while meeting the requirements of standards and certification authorities.

Procurement and Trade



Economic Competition and Antitrust

IAI encourages free competition, which is an essential component of maintaining a fair and healthy business environment, and which promotes IAI's corporate culture and business.

IAI is committed to operating in accordance with the principles of fair competition, while
avoiding anti-competitive actions that violate the rules of fair trade.

IAI maintains an internal compliance program for competition laws in Israel, which includes a set of principles and rules of conduct derived from the provisions of the law and binding for its employees, managers, and office holders.



Fairness and Service in Trade

IAI competes in the international and domestic markets based on the advantages of its products and services.

IAI conducts its business with its customers and government officials in a fair and respectful manner, while ensuring that adequate and complete information is provided, and that proper commercial conduct is maintained, and subject to all laws.

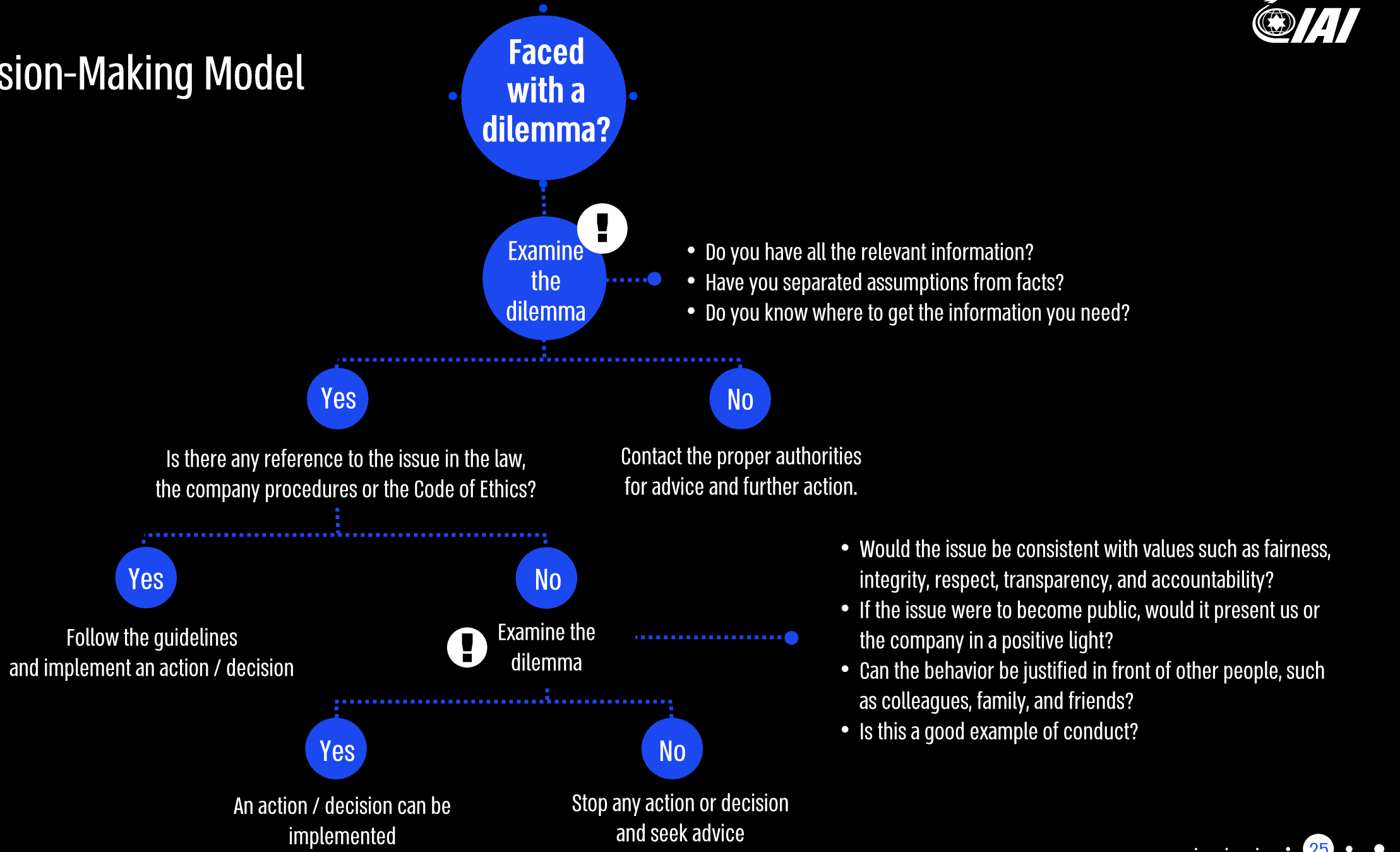
IAI provides its customers with high-quality, efficient, reliable, and courteous service, and works to obtain their feedback for the purpose of constantly improving.

Fairness in Procurement Processes

IAI operates with integrity and transparency with its suppliers, and prohibits requesting and/or offering any commission, and/or benefits and/or any other reward for engaging with the company, directly and/or indirectly.

IAI is careful and instructs its employees to avoid direct and/or indirect conflicts of interest that may affect the company, including within the framework of procurement processes.

Decision-Making Model



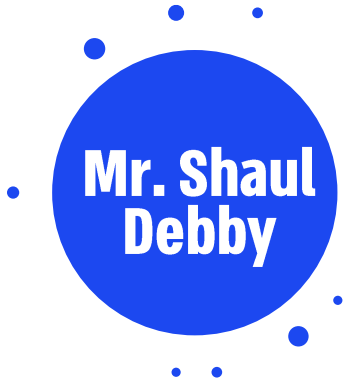
Have a dilemma? We can help!



Head of Individuals and Communications, the IAI Code of Ethics Supervisor and the Sexual Harassment Prevention Supervisor

rmaayan@iai.co.il

03-9356233



VP, internal auditor in charge of complaints and inquiries from employees and the public

Complaints and inquiries can be sent on the internal audit website, on the company's internal intranet (the "hotline" link or the "Contact Us" tab), as well as on the company's external website on the Internet (the "Contact" tab > "Public Inquiries and Complaints").



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