



[Final – 23 March 2016]

Elbit Systems of America

Supplier Code of Conduct

Revised March 2016



To Our Supply Chain:

Elbit Systems of America (“ESA”) is committed to best practices regarding integrity in business conduct, including in our dealings with our suppliers, contractors and consultants. Our commitment to operate according to ethical standards is an important factor in enabling ESA to meet our business goals and demands of today's marketplace.

A reliable and ethical supply chain is critical for ESA’s ability to support our and our customers' goals. Integrity, safety and quality are fundamental to ESA’s performance, and we encourage a collaborative environment with our supply chain in these areas. Our customers rely on us to work with suppliers, subcontractors and other business partners who share these values.

To support the business integrity of our activities, we require that members of our supply chain endorse our values relating to the range of areas set forth in this Supplier Code of Conduct (the "Code"). The principles set forth in the Code represent a fundamental part of our mutual commitment on how we do business and are integral to every relationship you have with ESA. The Code is also consistent with the principles set forth in the Supplier Code of Conduct endorsed by the International Forum on Business Ethical Conduct of the U.S. and European aerospace and defense industries.

Thank you for doing your part in helping us maintain a leading standard of business integrity.

Raanan I. Horowitz
President and Chief Executive Officer
Elbit Systems of America, LLC



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Introduction

Welcome to *Elbit Systems of America's* ("ESA") *Supplier Code of Conduct* ("**Code**"). Conducting our business honestly, ethically and properly is critical to ESA's continued success. The purpose of this Code is to facilitate our suppliers, subcontractors and consultants (collectively "**Supply Chain**") commitment to ethical and compliant business conduct.

In addition to the specific provisions of the Code and any other Company policies, procedures or contractual obligations we may ask you to follow, we expect members of our Supply Chain to conduct their business activities ethically and in compliance with all applicable laws and regulations. This Code is intended to promote a culture that complies with not only the letter, but also the spirit, of all applicable laws, rules and regulations and related ESA policies and procedures.

This Code incorporates best practice supply chain compliance principles and is based upon ESA's Code of Business Ethics and Conduct, which is available for review on our website, www.elbitsystems-us.com under "About Us – Business Conduct and Compliance".

Conducting Your Business

ESA's reputation is based on delivering systems and products that create value for our customers and protect and save lives. In order to maintain this reputation, we strive for excellence in all that we do, including conducting ourselves according to leading ethical standards. We expect our Supply Chain to follow similar standards.

You should refer to this Code's principles when ethical and compliance issues arise. Each of the principles in this Code is fundamental to how we do business.

ESA relies on our Supply Chain to choose sub-tier subcontractors and suppliers that also share the values included in the Code. It is important everyone working on your behalf for us conducts business in the manner prescribed by the Code.

By entering into any subcontract or purchase order with ESA, you are committing to conduct your activities in a manner consistent with this Code. Accordingly, all of your business activities relating to work with ESA must be performed in a manner that is fair, ethical and compliant with this Code and applicable laws and regulations.

While the Code contains standards to be followed, no one document can cover all situations. If, for whatever reasons, following the Code would conflict with a legal requirement, you must comply with the law.



I. Compliance with Laws

You must comply with all applicable laws and regulations of the countries in which operations are managed or services provided.

II. Human Rights

You are expected to treat people with respect and dignity, encourage diversity, remain receptive to diverse opinions, promote equal opportunity for all and foster an inclusive and ethical culture, in accordance with the relevant International Labor Organization (ILO) Conventions.

A. Child Labor

You must ensure that illegal child labor is not used in the performance of work. The term "child" refers to any person under the minimum legal age for employment where the work is performed provided the legal age is consistent with the minimum working ages defined by the ILO.

B. Human Trafficking, including Forced or Indentured Labor

You must adhere to regulations prohibiting human trafficking and comply with all applicable local laws in the country or countries in which you operate. This includes refraining from violating the rights of others. You are expected to address any adverse human rights impacts of your operations. When acting as a supplier to us for a program for end use by the U.S. Government, you will comply with the requirements for prohibiting human trafficking as set forth in U.S. Federal Acquisition Regulation, Section 52 222-50 and Executive Order 13627.

III. Employment Practices

A. Harassment

You are expected to ensure that your employees are afforded an employment environment that is free from physical, psychological and verbal harassment, or other abusive conduct.

B. Non-discrimination

You are expected to provide equal employment opportunity to employees and applicants for employment without discrimination, consistent with all applicable regulations.

C. *Wage and Benefits*

You must pay workers at least the minimum compensation required by local law and provide all legally mandated benefits. In addition to payment for regular hours of work, workers must be paid for overtime at such premium rate as is legally required or, in those countries where such laws do not exist, at least equal to their regular hourly payment rate. Deduction from wages as a disciplinary measure should not be permitted.

D. *Free Association*

You are expected to respect the rights of workers to associate freely and communicate openly with management regarding working conditions without fear of harassment, intimidation, penalty, interference or reprisal. You are also expected to recognize and respect any rights of workers to exercise lawful rights of free association with any labor association of their choosing.

IV. *Anti-Corruption*

A. *Anti-Corruption Laws and Regulations*

You must comply with the anti-corruption laws, directives and regulations that govern operations in the countries in which you do business. When working with ESA this includes compliance with the U.S. Foreign Corrupt Practices Act, among other laws and regulations.

B. *Zero Tolerance Policy*

ESA has a “zero tolerance” policy against corruption, whether done directly by Company employees or indirectly through our Supply Chain. For further information, see the ESA’s Anti-Bribery Compliance Policy, which is available on our website www.elbitsystems-us.com under “About Us – Business Conduct and Compliance.”

C. *Illegal and Improper Payments or Benefits*

Doing business the right way means never providing or receiving anything of value to obtain a business advantage or favorable treatment or exert undue influence, including offering, giving, asking for or taking any form of bribe or kickback. This prohibition extends to payments and gifts of cash or in kind, made directly or through others. You must not offer any illegal payments to, or receive any illegal payments from, any customer, supplier, their agents, representatives or others. This includes a prohibition on facilitating payments intended to expedite or secure performance of a routine governmental action like obtaining a visa or customs clearance, even in locations where such activity may not violate local law.

D. *Due Diligence*

You are expected to exert reasonable due diligence to prevent and detect corruption in all business arrangements, including partnerships, joint ventures, offset agreements and the hiring of intermediaries such as agents or consultants.

E. *Gifts/Business Courtesies*

We and our Supply Chain must compete solely on the merits of our products and services. You must not try to influence a customer's decision to purchase from us or to otherwise gain an unfair competitive advantage by offering gifts, meals, travel expenses, entertainment or other business courtesies that exceed acceptable levels. Government agencies and companies have regulations prohibiting their employees' acceptance of items of value from contractors or suppliers. In any business relationship, you must ensure that: (i) the offering or receipt of any gift or business courtesy is permitted by law and regulation, and (ii) these exchanges do not violate the rules and standards of the recipient's organization and are consistent with reasonable marketplace customs and practices. Although standard give-away items of a nominal value may be provided or accepted in appropriate situations, cash and cash equivalents (such as gift cards) are prohibited.

F. *Offers of Employment*

Offers of employment to employees or representatives of our customers or end users, or their close relatives, could be viewed as an attempt to improperly influence decisions relating to our programs. Therefore, you should exercise caution in hiring activities in order to avoid the possibility of undue influence.

G. *Fraud and Deception*

You must not seek to gain any advantage of any kind by acting fraudulently, deceiving people or making false claims, or allow anyone else to do so. This includes defrauding or stealing from ESA, a customer or any third party, and any kind of misappropriation of property.

V. *Competition and Anti-Trust*

We compete, but fairly and within the law. As such, where you support us in doing business, you must comply with applicable competition laws (sometimes called "antitrust laws") of all applicable countries. These laws prohibit formal or informal understandings, agreements or arrangements among competitors that unfairly restrict competition. You must not fix prices, rig bids with your competitors or participate in a cartel. This includes a prohibition on exchanging current, recent or future pricing information with competitors.

VI. Insider Trading

You and your personnel must not use any material or non-publicly disclosed information obtained in the course of your business relationship with ESA as the basis for trading or for enabling others to trade in the stock or securities of any company. Also, recognizing that the shares of our parent company, Elbit Systems Ltd. are publicly traded, you are required to comply with all insider trading rules relating to any business dealings with us.

VII. Conflicts of Interest

You are expected to avoid all conflicts of interest or situations giving the appearance of a potential conflict of interest and provide notification to all affected parties in the event that an actual or potential conflict of interest arises. This includes a conflict between the interests of ESA and your or your employees' personal interests or the interests of your or their close relatives, friends or associates.

VIII. Maintain Accurate Records

You are expected to keep appropriate records to demonstrate compliance with this Code, as well as all applicable laws and regulations. This includes creating accurate records and not altering any record entry to conceal or misrepresent the underlying transaction represented by such records. Regardless of format, all records made or received as evidence of a business transaction must fully and accurately represent the transaction or event being documented. Records should be retained based on applicable document retention requirements.

IX. Information Protection

A. *Protection of Sensitive Information*

ESA is committed to ensuring our intellectual property rights and those of our customers and business partners are protected to the full extent of the law and our contractual commitments. You must comply with all the applicable laws and contractual requirements governing intellectual property rights assertions, including protection against disclosure, patents, copyrights and trademarks. We also require appropriate security measures to protect classified and other sensitive information. When working with ESA, you must take necessary steps to protect and safeguard intellectual property rights and sensitive information, including the following:

Proprietary Information includes trade secrets, patents, trademarks, copyrights, business, marketing, financial, human resources, technical and administrative information not released to the public. You must safeguard proprietary information of, or provided by, ESA. It cannot be shared with a third party without the ESA's express written permission.

Classified Information includes data and items that for reasons of national security must be safeguarded and maintained in accordance with applicable laws and regulations in support of a government program. To receive this information your facility must possess the appropriate government approved security clearance. It is important to remember that release of classified information to unauthorized persons will harm national security.

B. *Use of Sensitive Information*

You will properly handle sensitive information, including classified, proprietary and personal information. Such information should not be used for any purpose (e.g. advertisement, publicity and the like) other than the business purpose for which it was provided, unless there is prior authorization from the owner of the information. Unauthorized use or distribution of Proprietary Information or Classified Information through any means, including social media, violates this Code. It may also violate applicable law, as well as regulatory and contractual requirements.

C. *Information Security*

You must comply with applicable data privacy laws and must protect the confidential and proprietary information of others, including personal information, from unauthorized access, destruction, use, modification and disclosure, through appropriate physical and electronic security procedures. You are expected to take the necessary information security measures, for both computer systems and portable electronic devices, to protect against malware and unauthorized disclosure of any proprietary information and other program related information provided by the Company. If there is a suspicion that a possible data security breach has occurred, it is critical that such circumstance be immediately reported to Elbit Systems of America's General Counsel.

X. *Marketing Materials and Interactions with the Media*

ESA controls the release of any marketing materials, press releases or media interviews that include a reference to ESA, our affiliated companies, our customers, our end users or our cooperative activities with you. Any such release requires advanced approval by ESA.

XI. *Environment, Health, and Safety*

A. *Environmental, Health and Safety Management*

You must comply with all applicable environmental, health and workplace safety laws and regulations. You are also expected to establish an appropriate management system for environmental, health and safety compliance.

B. Conservation of Natural Resources

You are expected to operate in a manner that actively manages risk, conserves natural resources and protects the environment in the communities within which you operate.

C. Protection of Employee Health and Safety

You should protect the health, safety and welfare of your employees, contractors, visitors and others who may be affected by your activities.

XII. Global Trade Compliance

You must ensure that your business practices are in accordance with all applicable laws, directives and regulations governing the import and export of parts, components and technical data. You will provide truthful and accurate information relating to import and export authorization processes and obtain import and export licenses and/or approvals where necessary.

XIII. Responsible Sourcing of Minerals

You must comply with applicable laws and regulations regarding “Conflict Minerals”, which include tin, tungsten, tantalum and gold. Additionally, you should establish a policy to reasonably assure that the tin, tungsten, tantalum and gold which may be contained in the products you manufacture do not directly or indirectly finance or benefit armed groups that are perpetrators of serious human rights abuses. You should exercise, as may be directed by law or industry practice, due diligence on the source and chain of custody of these minerals and require the same from your next tier suppliers.

XIV. Counterfeit Parts

You are expected to develop, implement and maintain effective methods and processes appropriate to your products to minimize the risk of introducing counterfeit parts and materials into products to be delivered to us. In addition, you will provide notification to recipients of counterfeit product(s) when warranted, and exclude them from the delivered product.

XV. Government Procurement

A. Compliance with Government Contracting Regulations

Governments are the largest user of ESA’s goods and services, so it is crucial that you comply with the laws and regulations relating to government contracting in the countries in which you are supporting our projects.

B. Source Selection Information

In working with ESA in any government procurement process, you will not improperly obtain, use or disclose government source selection or proprietary information. You will not ask officials to disclose the proprietary information of our competitors, nor will you improperly ask for source selection material - the material the government has developed to evaluate competing bids. In addition, you will take precautions not to share any of our proprietary information or other program related information without our permission.

C. Lobbying

You are not authorized, directly or through others, to engage in lobbying activities designed to influence government policies, or the award or administration of government contracts, on our behalf or on behalf of our projects, without our prior approval.

XVI. Ethics Program Expectations

A. Whistleblower Protection and Non-Retaliation

You are expected to provide your employees with avenues for raising legal or ethical issues or concerns without fear of retaliation. You are also expected to take action to prevent, detect and correct any retaliatory actions. Company policy prohibits retaliation against any person making a good faith effort to report possible violations of the principles in this Code.

B. Consequences for Violating the Code

In the event that the expectations of this Code are not met, the business relationship may be reviewed and corrective action pursued subject to the terms of the related procurement contracts.

C. Ethics Policies

Commensurate with the size and nature of your business, you are expected to establish management systems to support compliance with laws and regulations, as well as the expectations expressed within this Code. You are encouraged to implement your own written code of conduct and to flow down those principles to the entities that furnish you with goods and services. We expect you to maintain effective programs to encourage their employees to make ethical, values-driven choices in your business dealings - beyond compliance with laws, regulations and contract requirements.

XVII. Reporting Concerns

A. *Self Monitoring and Reporting*

You are expected to self-monitor your compliance with this Code and promptly report any integrity concern involving or affecting ESA, whether or not the concern involves your company. When requested, you are expected to assist ESA in investigating concerns.

B. *Reporting Point of Contact*

Prompt reporting is crucial. Concerns may be raised by contacting ESA's:

- 24 Hour Ethics Hotline at 866-858-4327 (U.S.)
- Email to Ethics @elbitsystems-us.com

XVIII. Right to Audit

We reserve the right to periodically review your business practices to ensure compliance with this Code. You are expected to comply with our reasonable inquiries related to your work for us and cooperate with audits and investigations.

XIX. Waiver of Our Code

Any waivers, deviations or amendments to the Code must be approved in writing by the Elbit Systems of America Vice President of Supply Chain and the Elbit Systems of America Vice President and General Counsel.