

June 2019

## ELBIT SYSTEMS UK LIMITED

# ANTI-BRIBERY AND CORRUPTION COMPLIANCE POLICY

To Our Company-Wide Workforce:

Elbit Systems UK Limited and our wholly-owned subsidiaries (the “**Company**”) strive to maintain our global reputation for conducting business with integrity, high ethical principles and compliance with the laws and regulations governing our activities. As demonstrated by the Company’s *Code of Business Conduct and Ethics* (the “**Ethics Code**”), all employees, officers and directors must abide by these principles. Compliance with anti-bribery and corruption standards is an integral part of our business practices, and we have **zero tolerance for bribery and corruption**. Accordingly, the Company will not participate in corrupt practices and will take steps to prevent our business partners from taking part in such practices.

To help us achieve the above, we have adopted this *Anti-Bribery and Corruption Compliance Policy* (the “**Policy**”). This Policy outlines the principles, policies, actions, tasks and responsibilities of the Company to achieve full compliance with applicable anti-bribery and anti-corruption requirements, including those set forth in the *Ethics Code* and all applicable laws and regulations of every jurisdiction in which we do business.

The principles of this Policy apply throughout the Company. Our employees, officers and directors, wherever their location, must abide by them.

This Policy is made available to our employees, including temporary and contract employees, officers and directors. In addition, this Policy is published on the Company’s website: [www.elbitsystems-uk.com](http://www.elbitsystems-uk.com) or available upon request. Should any employee have questions about the content of this Policy, or what course of conduct should be taken in any given situation, he or she should always seek guidance from the Company’s **Compliance Manager** - Rob Goldsmid or legal advisor.

Martin Fausset  
Chief Executive Officer  
Elbit Systems UK Limited

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## 1 INTRODUCTION

### 1.1 Purpose

The purpose of this Policy is to assist employees, officers and directors throughout the Company, and all of our business partners, in identifying anti-bribery and corruption related issues and in understanding and complying with applicable anti-bribery and anti-corruption standards. This Policy is to be read in conjunction with the entirety of our anti-corruption compliance program policies and procedures. These policies and procedures include the *Ethics Code*, this Policy and the following supporting policies/procedures:

- *Business Entertainment and Gifts Policy;*
- *Procedure on Anti-Bribery and Corruption Due Diligence;*
- *Whistleblower and Investigations Procedure; and*
- *Supplier Code of Conduct.*

### 1.2 Commitment to Best Practices

We are committed to conducting our business with integrity and based upon ethical best practices and principles, including anti-bribery and anti-corruption compliance standards.

### 1.3 Zero Tolerance

The Company has zero tolerance for bribery and corruption. In addition to the need to follow the law, our rejection of bribery has important business benefits, including maintaining our corporate reputation and retaining the confidence of customers and third parties with whom we do business.

### 1.4 Public and Private Sectors

The prohibitions against bribery and corrupt conduct apply regardless of whether it takes place in the **public sector** or in the **private sector**. Bribery is illegal in both contexts. You must not engage in bribery (either giving or receiving things of value to gain an improper business advantage) in connection with any of the Company's dealings or activities involving private or public companies, organisations or individuals. Particular care should be taken in dealings or activities involving Government or Public Officials (as defined below), but it is just as important to remember that private entities and individuals may also be the subject of bribery.

### 1.5 Numerous Jurisdictions

The Company is active in numerous markets and must comply with the anti-bribery and anti-corruption laws of many jurisdictions. These include:

- The UK Bribery Act 2010 (the "**Bribery Act**");
- United States Foreign Corrupt Practices Act ("**FCPA**"). (Our parent company's shares are publicly traded in the U.S.);
- applicable international conventions, including:

- the Organisation for Economic Co-operation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (the “**OECD Convention**”);
- United Nations Convention Against Corruption; and
- other anti-bribery and corruption laws throughout the world applicable in the countries in which we do business.

### **1.6 Consult Local Law**

This Policy is meant to provide general principles and guidance with respect to anti-bribery and corruption related matters. While the Bribery Act and the FCPA always apply to us, in some cases, the laws of the jurisdiction in which we do business might vary from what is included in this Policy. You should therefore also always consult and follow the applicable local laws.

## **2 APPLICABILITY**

The principles of this Policy apply to all Company employees, officers and directors. In addition, the Company will require (through contractual clauses, due diligence and training), that third parties who act on our behalf, including service providers, consultants, distributors, contractors, agents, representatives and suppliers, similarly abide by this Policy.

## **3 DEFINITIONS**

The following concepts are essential to understanding the scope of the prohibition on bribery and corrupt conduct. These concepts should be interpreted broadly.

- **Bribery.** Bribery is defined in different ways under the laws of different countries. In general, and for the purposes of this Policy, it is the offering, promising, giving or receiving, “directly or indirectly”, of “anything of value”: (1) with the intent to induce that person (or some other person) to improperly perform a Relevant Function or Activity (as defined below); and/or (2) to reward a person for the improper performance of a Relevant Function or Activity by another person. It also includes offering, promising, giving or receiving of anything of value, knowing or believing that the acceptance of the advantage would itself constitute the improper performance of a Relevant Function or Activity by another person. The giving of anything of value to a Government or Public Official may constitute Bribery regardless of whether there is an intention to induce the Government or Public Official to improperly perform their Relevant Function or Activity. Bribery takes place the moment something of value is offered.
- **Corruption.** Corruption is broadly defined. It includes the direct and indirect offer, promise, acceptance or solicitation in the conduct of the Company’s business of anything of value or advantage as an inducement for an action which is illegal or a breach of trust.
- **Directly or Indirectly.** You are prohibited from engaging in bribery or corruption directly or indirectly (such as through a third party intermediary). You may not instruct, authorise or allow a third party to make or receive a bribe on your behalf. You may not make a payment or provide a benefit to a third party, or have a third party receive a payment or benefit, knowing or having reason to know that all or a portion of the payment or benefit may be used for the purpose of bribery.

- **Anything of Value.** The thing of value is not subject to any minimum amount or threshold. Anything of value includes not only cash and cash equivalents, but also gifts, entertainment, accommodations, travel expenses, offers of employment and any other benefit of tangible or intangible value.
- **Government or Public Official.** References to a Government or Public Official mean an individual who, regardless of position, paid or unpaid, is any of the following:
  - any officer or employee of any government (holding an administrative, judicial or legislative mandate) or of a department, agency or instrumentality thereof or any person acting in an official capacity for or on behalf of such government (e.g., an entity hired to review bids on behalf of a government agency or to collect custom duties);
  - exercises a public function for or on behalf of any country, territory or political subdivision or for any public agency or enterprise thereof;
  - any officer or employee of a “public international organisation” or any person acting in an official capacity for or on behalf of such public international organisation (public international organisations include, for example, the United Nations, the World Bank, the European Commission, etc.);
  - an employee of a company or other business entity in which a governmental body has an ownership interest over which such governmental body may, directly or indirectly, exercise a dominant influence (such employee can qualify as a government official even if he or she is engaged in commercial, rather than governmental, activities);
  - a member of a Royal Family effectively holding a public office, whether or not formally appointed;
  - a political party, an official of a political party, or a candidate for political office; or
  - a family member or otherwise close associate with any of the foregoing.

Such individuals may commonly be referred to as Politically Exposed Persons (“**PEPS**”)

- **Relevant Functions or Activity:** A Relevant Function or Activity means any function of a public nature or any activity which is connected with a business, performed in the course of a person’s employment or performed by or on behalf of a body of persons (whether corporate or unincorporated), provided that the person performing the function or activity is expected to perform it in good faith, impartially and/or is in a position of trust by virtue of performing it.
- **Business or Other Advantage:** Business or other advantage includes obtaining new business or gaining any other advantage in connection with the Company’s activities, such as reduction in taxes, tolerance of non-compliance with applicable rules or other favours or preferential treatment.
- **Facilitation Payments:** Facilitation or “grease” payments are small payments to a low-level Government or Public Official to expedite or secure performance of a routine, non-discretionary governmental action, such as obtaining utility services or clearing customs.
- **Supplier.** A supplier means any company or organization or individual that provides goods and services to the Company. The definition of Supplier is to be interpreted broadly, and is meant to include subcontractors, service providers, agents, consultants and representatives.

## 4 OUR GUIDING PRINCIPLES

The following principles serve as the basis of this Policy and should guide the conduct of all individuals associated with the Company:

### 4.1 We Commit to the Following:

- We will have **zero tolerance** for offering, promising or paying **any corrupt payment, benefit or inducement to any person**, whether a Government or Public Official or any private individual including, but not limited to, any employee or agent of a customer, supplier or competitor.
- We will similarly have **zero tolerance** to accepting **any corrupt payment, benefit or inducement from any person**, whether a Government or Public Official or a private individual including, but not limited to, any employer or agent of a customer, supplier or competitor.
- We will maintain **accurate books and records**, in accordance with internal Company financial controls and related procedures and policies. No undisclosed or unrecorded fund or asset may be established or maintained for any purpose. No director, officer or employee will participate in falsifying any accounting or other business record. Every director, officer or employee will respond fully and truthfully to any questions from the Company's internal and/or independent auditors.
- We will conduct reasonable **anti-corruption due diligence** in connection with **acquisitions**, the formation of **joint ventures** and the engagement of **third parties**. We will not proceed with any transaction or engagement until any concerns or issues relating to corruption have been fully and satisfactorily addressed.
- We will strongly encourage **reporting**, without fear of retaliation, of any known or suspected bribery or corrupt conduct.
- We will **investigate** all reports of known or suspected corrupt activity perpetrated by any individual, either employed or in a business relationship with the Company.

### 4.2 We Must Never:

- Make **facilitation payments**. Such payments are considered a form of corruption and are prohibited under the Bribery Act, local laws of most countries and by the OECD Convention and the United Nations Convention Against Corruption. We must never offer a facilitation payment.
- Engage in **corrupt activities** or activities that could reasonably give the **appearance of corruption**. We attempt to avoid situations creating the appearance of impropriety, including with respect to business entertainment, gifts, conflicts of interest, hiring and donations.
- Engage in **bribery**. Company employees (including temporary and contract employees), officers and directors are prohibited from engaging, directly or indirectly, in bribery.
- Allow **third parties**, including service providers, agents, consultants, brokers or distributors, to engage in bribery or corruption on our behalf.
- Do business with **other parties** who are engaged in bribery or corruption.

- **Take retaliatory action** towards employees who, in good faith, report suspected violations of the *Ethics Code* or this Policy. Allegations made in bad faith, however, will not be tolerated.

## 5 PAYMENTS MADE UNDER THREAT OF PHYSICAL HARM

We recognise that, in certain exceptional circumstances, one's personal safety could be at risk. A payment to a Government or Public Official is permissible where there is a credible threat to the life, limb or liberty of the person being asked to make the payment. If such a situation arises, it must be reported to the Company's **Compliance Manager** and legal advisor as soon as possible and must be accurately recorded in the Company's books and records to reflect the amount and purpose of the payment.

## 6 AWARENESS AND TRAINING

### 6.1 Obtaining Guidance

You are expected to be familiar with this Policy. If you are uncertain about whether a particular activity is improper, employees are encouraged to ask questions about this Policy and other compliance related issues. You should always feel free to direct any questions to your direct manager, the **Compliance Manager** or the legal advisor.

### 6.2 Training

The Company engages in various means of communication and training to make employees, officers and directors aware of this Policy. As part of our overall ethics training, all Company employees, officers and directors will be provided training regarding anti-bribery and corruption upon their joining the Company as well as periodic refresher training. In addition, focused ethics and anti-bribery and corruption training will be provided periodically to applicable professional functions. Also, the Company will make third parties with whom it conducts business aware of this Policy and, where appropriate, will provide in-person training.

## 7 GIFTS, BUSINESS HOSPITALITY AND ENTERTAINMENT

### 7.1 Policy

Offering gifts, business entertainment and other hospitality is an ordinary part of doing business, but it is also an area with potential for corrupt conduct. It is the policy of the Company never to offer gifts, business entertainment, hospitality or other personal benefits for improper purposes or as a means to induce someone to act for the benefit of the Company. Moreover, particular care must be exercised with respect to Government or Public Officials. Very often, legal and legitimate hospitality can be interpreted as a bribe. The Company has therefore adopted a *Business Entertainment and Gifts Policy* that provides specific guidance on gifts and business entertainment offered in the public and private sector, monetary thresholds, documentation and approval processes.

## **7.2 Local Regulations**

You must be aware that any general monetary threshold established by the Company may exceed what is legal in a particular jurisdiction. Therefore, you must always consult the local laws and regulations of the jurisdiction in which you are doing business.

## **7.3 Internships / Work Experience**

The provision of an internship or work experience, whether paid or unpaid, may be viewed as a benefit (and potentially an improper one) to a third party. No offer should be made of any internship or work experience without first seeking approval from the CEO. Any requests you receive for internships or work experience should be passed to the CEO.

## **8 DONATIONS**

### **8.1 Political Donations**

The Company's policy is not to make political donations on its behalf. Directors, officers and employees may choose to make political donations from their own resources, but not with a view to influence a third party for the benefit of the Company or in any way that might give the impression that such influence was intended.

### **8.2 Charitable Donations**

The Company may make reasonable donations to charities from Company funds, subject to receipt of approvals specified in internal policies. The Company must be certain that such charitable donations cannot be viewed as an attempt to buy influence for its benefit or in any other way as being improper and that such donations are not disguised unlawful payments to private individuals or Government or Public Officials in violation of anti-corruption laws. Accordingly, prior to making any charitable contributions we must take care, including doing due diligence, to verify that the recipient charity is legitimate and that there is no apparent risk that any donation will be diverted to other beneficiaries.

## **9 DUE DILIGENCE**

The Company could be held liable for the conduct of third parties acting on our behalf. Further, when acquiring another company or business we run the risk of reputational damage and financial consequences related to any pre-acquisition conduct and, of course, any conduct that continues once it is acquired by us. Accordingly, prior to proceeding with the engagement of a third party service provider, including, but without limitation, consultants and agents, formation of a joint venture/teaming arrangement or acquisition of another company, the Company will conduct thorough due diligence on all relevant parties, including service providers, consultants, agents and representatives, subcontractors, suppliers, potential teaming/joint venture partners and acquisition targets. To provide more guidance on our due diligence procedures, the Company has adopted a *Procedure on Anti-Bribery and Corruption Due Diligence*.



## **10 REPORTING SUSPECTED VIOLATIONS AND THE COMPANY'S COMMITMENT TO INVESTIGATE**

### **10.1 Reporting Illegal or Unethical Behavior**

The Company encourages all employees to speak up and raise concerns. Raising concerns is a critical step so that we can identify and react to misconduct and protect ourselves from negative consequences. Every employee, officer and director has a duty to report any potential violations of this Policy. While fully transparent reporting enables us to conduct a more effective investigation, if the employee wishes a report may be submitted anonymously. For more information on reporting suspected violations, please refer to the *Whistleblower and Investigations Procedure*.

### **10.2 Investigations**

Because of the potentially severe consequences for companies and individuals who engage in bribery and corruption, the Company will investigate all credible allegations of such misconduct. We will take all concerns raised in good faith seriously, and we will investigate suspected misconduct fairly, consistently, confidentially and consistent with the *Whistleblower and Investigations Procedure*. All directors, officers and employees of the Company are required to cooperate in such investigations, including providing access to data and devices used in the course of the Company's business.

### **10.3 Commitment to Non-Retaliation**

No employee who makes a good faith report concerning potential misconduct based on his or her personal knowledge or who cooperates with an internal or external investigation into such potential misconduct will suffer any adverse work-related consequences, provided that such employee has not himself or herself acted improperly.

## **11 RED FLAGS**

### **11.1 What is a Red Flag?**

"Red Flags" are facts or circumstances that raise a concern that a particular transaction, relationship or engagement involves a risk of bribery or corruption. A Red Flag is not definitive evidence of corruption but it requires that we conduct an inquiry to understand whether: (i) there are legitimate and credible explanations, (ii) there is no apparent legitimate explanation or (iii) the risk of corruption is confirmed and substantiated.

### **11.2 Identifying and Following-Up Red Flags**

In all dealings with potential or current consultants or representatives, our customers or other third parties, Company directors, officers and employees must be conscious of any Red Flags that may be present or arise that suggest possible violations of anti-bribery and corruption standards. When a Red Flag is identified you must be sensitive to the risk of corruption it presents. It must be followed up and appropriate steps be taken to prevent the Company being implicated in bribery or corruption, including possible termination of the third party relationship or walking away from an acquisition, joint venture or business opportunity. In the context of acquisitions, teaming/joint ventures and third party service providers, the Company has adopted specific due diligence

processes designed to detect and address Red Flags. See the *Procedure on Anti-Bribery and Corruption Due Diligence*.

### 11.3 **Examples**

The following are examples that may suggest potential breaches of this Policy or represent common areas of corruption compliance risks. If you become aware or suspicious of any Red Flags, including the following circumstances, you must immediately raise the issue with the Company's **Compliance Manager** or the legal advisor. Please note that the following list of Red Flags is not exhaustive.

#### **a. Gifts and Business Entertainment:**

- extravagant business entertainment, especially involving a Government or Public Official or family members of a Government or Public Official;
- cash and cash equivalents, which include vouchers, and gift cards;
- gifts and entertainment during contract negotiations or government tender processes;
- excessive or lavish entertainment;
- gifts and entertainment to family members and friends;
- entertainment or hospitality where the host is not present; or
- giving and accepting of gifts and entertainment on a frequent basis with the same third party.

#### **b. Potential Conflicts of Interest:**

- having a direct or indirect commercial relationship with the Company;
- using Company assets to advance private interests;
- making employment decisions based on a personal, rather than a business basis;
- holding an office or directorship in a company that is in competition with the company, in which the Company has a commercial interest or which receives donations or sponsorships from the Company; or
- soliciting employment for a family member or close friend.

#### **c. Third Party Due Diligence Findings:**

- indications of a close personal relationship between the third party and a Government or Public Official or a family member of a Government or Public Official, or customer that could improperly influence a decision;
- recommendation of a third party by a Government or Public Official or a family member of a Government or Public Official;
- recommendation of a third party who has a personal, family or business relationship with a Government or Public Official or a family member of a Government or Public Official;
- insufficient bona fide business reasons for retaining the third party;
- the third party is not qualified or lacks the necessary experience and resources to perform the functions for which it has been engaged;
- refusal of the third party to contractually commit to compliance with applicable anti-bribery laws and regulations;

- the Company knows or suspects that the third party, any senior personnel that the third party employs or any individuals or entities by whom the third party is owned, controlled or managed, has been involved in illegal or unprofessional conduct or activity or has been accused or convicted of such involvement; or
- indications of previous involvement in behavior contrary to applicable anti-bribery laws and regulations or other legal requirements.

**d. Geographic Risks:**

The country in which the activity is to take place or where the third party is active or resident does not have a Corruption Perception Index (CPI) score in the top 25% of the countries on the most recent Transparency International CPI (such country being a “**high risk country**”).

**e. Accounting and Payments:**

- payments made or offered in cash, including cash payments or per diems and reimbursements for travel and lodging related expenses, which are paid directly to the Government or Public Officials;
- inadequately documented payments or expenses;
- requests for unusual payment channels;
- excessive fees;
- deceptive or inaccurate bookkeeping entries, or accounting procedures which would conceal the true nature of the expenses (e.g. entertainment recorded as a training expense);
- the use of false documents and invoices; or
- unusual contract terms, including, but not limited to, paying for services to an account and/or in a jurisdiction and/or in a currency not related to the contract.

**11.4 Reporting Red Flags**

It is the responsibility of the employee who observes or suspects a Red Flag to report the matter to his or her supervisor as well as the legal advisor or the Compliance Manager. **Remember — if in doubt - consult.**

**12 FAILURE TO COMPLY**

Failure to comply with this Policy may result in significant civil and criminal penalties against the Company and the individuals involved and is grounds for disciplinary action against such individuals, including the potential termination of employment.

**13 PERIODIC POLICY REVIEW**

The Compliance Manager will periodically (at least annually) assess the effectiveness of this Policy. These findings will be reported periodically to the Board of Directors and to our parent company’s Chief Compliance Officer.