Elbit Systems™

INNOVATIVE SOLUTIONS FOR ESG CHALLENGES

ELBIT SYSTEMS ESG HIGHLIGHTS **2021-2022**

ABOUT **ELBIT SYSTEMS LTD.**

Elbit Systems is an international, publicly traded, high technology company engaged in a wide range of programs that protect and enhance lives around the world. The Company develops and supplies a broad portfolio of airborne, land, and naval systems and products for defense, homeland security, and commercial applications. Elbit Systems provides new solutions and supporting services, including training and simulation systems. The Company's headquarters are in Israel, and it maintains subsidiary operations in dozens of countries around the world, with 18,407 employees as of the end of 2022.

Elbit Systems has a "one-company" approach, developing integrated and synergistic solutions that combine different technologies and meet evolving customer needs for greater safety, security, reliability and cost-efficiency. The Company tailors and adapts technologies, integration skills, market knowledge, and operationally proven systems to each customer's individual requirements.

VISION AND MISSION

OUR VISION

To be a **global leader** in designing and delivering innovative solutions for a secure and safer world.
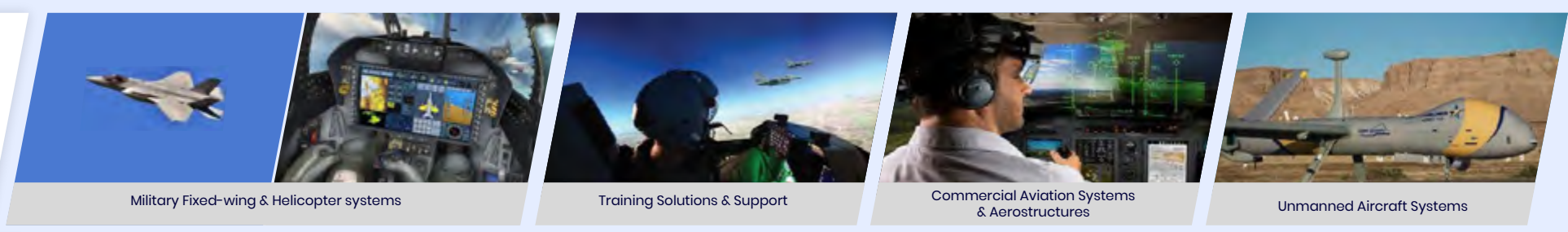
OUR MISSION

To support our customers' needs, by delivering innovative technological solutions and leveraging the unique entrepreneurial and team spirit of our people.

We are deeply committed to the partnership with our customers around the world

Innovation is our trademark

We boldly push the possible

Our People & Global Team Spirit are what make us unique

We are here to make an Impact. Globally

OUR **LINES OF BUSINESS**

AEROSPACE

Military Fixed-wing & Helicopter systems

Training Solutions & Support

Commercial Aviation Systems & Aerostructures

Unmanned Aircraft Systems

C⁴I & CYBER

Communications

Network combat systems (C⁴I)

Robotics & Autonomy
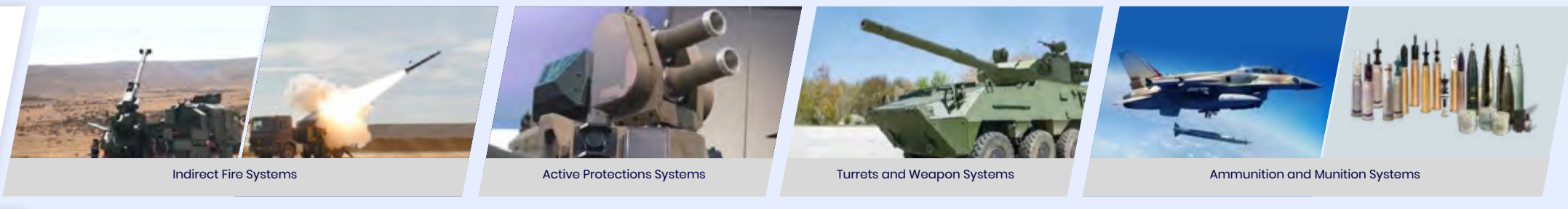
Cyber Intelligence

ISTAR & EW

Electronic Warfare, Signal Intelligence and Radar Systems

Electronic Warfare, Signal Intelligence and Radar Systems

Naval Combat Management and Sonar Systems

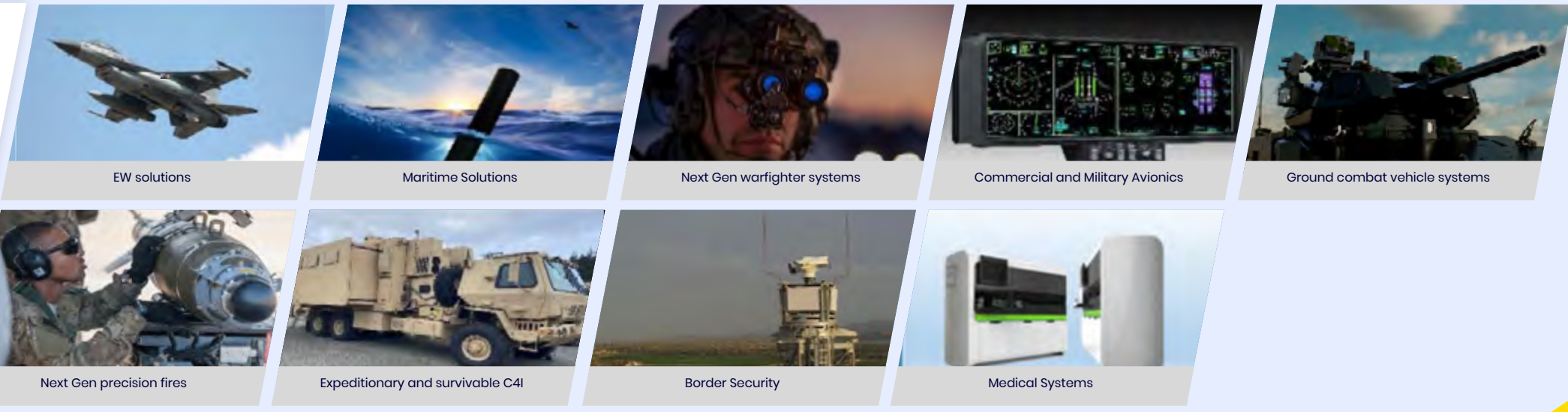## LAND

Indirect Fire Systems

Active Protections Systems

Turrets and Weapon Systems

Ammunition and Munition Systems

ELBIT SYSTEMS OF AMERICA

EW solutions

Maritime Solutions

Next Gen warfighter systems

Commercial and Military Avionics

Ground combat vehicle systems

Next Gen precision fires

Expeditionary and survivable C4I
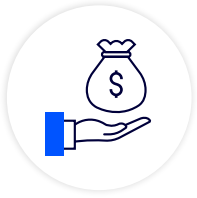
Border Security

Medical Systems

HIGHLIGHTS FROM **2022**

$5,511
million
revenues

$436
million
R&D expenditure
(7.9% of revenues)

$75
million
net income

$15,118
million
order backlog at the
end of 2022

18,407
global employees
at the end of 2022

**Michael
Federmann**
Chair of the Board of
Directors*

**Bezhalel
Machlis**
President and CEO

Employees

~100% great
majority recieved ethics and
compliance training

0.55
global injuries per 200,000
hours in 2022

Suppliers

72% of Israeli
purchasing expenditure from
Israeli suppliers

Customers

87% overall customer
satisfaction rating

78% of our customers
provided direct feedback on
our quality and service

Environment

15% improvement in energy
efficiency in 2022 versus 2015

53% improvement in
greenhouse gas emissions in 2022
versus 2015

Community

$2 million donated to
the community

18,300 volunteering
hours in the community

ESG STRATEGY

Sustainable and responsible business conduct at Elbit Systems is important to its long-term success because it helps Elbit Systems become a better and more resilient business. Increasingly, customers and other stakeholders are demanding greater transparency on ESG matters. The Company also continues to address ESG risks in its business in order to protect Elbit's reputation, operations, employees, and business partners.

The ESG approach is led by a global Steering Committee comprised of senior business and corporate function leaders. Members of the Steering Committee include the Executive Vice Presidents of Operations, Human Resources, and Compliance, as well as Corporate Secretary, and subject matter experts in Operations and Legal Departments. The Steering Committee meets up from time to time to direct strategy, review progress, advance performance, and support communications. The Company's ESG risks, opportunities, and management strategies are reviewed annually by executive management and the board of directors.

The Steering Committee is also responsible for periodically selecting and identifying stakeholders with whom the Company engages on ESG issues.

For further information please contact:

Liron Shapira
ESG Manager, Elbit Systems Ltd.
Liron.Shapira@elbitsystems.com

STAKEHOLDERS DIALOGUE

Elbit Systems has various stakeholders, including but not limited to: customers, employees, business partners, suppliers, and shareholders. Different stakeholders have different expectations for Elbit Systems, according to their position and unique requirements. The Company maintains an ongoing dialogue with its stakeholders to better understand their expectations and address any challenge that may arise. The ongoing dialogue with the stakeholers is conducted via annual surveys, routine meetings, conferences, visits and more.

SUPPORTING THE SUSTAINABLE
DEVELOPMENT GOALS

Following the adoption of the Sustainable Development Goals (SDGs) by the United Nations in 2015, Elbit Systems examined its sustainability priorities and their alignment with the SDGs. The Company views its support of the SDGs as an opportunity to promote global prosperity as well as protecting the planet, and aims to make an important contribution by protecting and enhancing lives through innovation and responsible business conduct. Elbit Systems has identified, in particular, five of the 17 goals where Elbit Systems advances the SDGs through its core business.

SUSTAINABLE DEVELOPMENT GOALS

5 GENDER EQUALITY

Elbit Systems is committed to responsible and transparent business practices and promotes gender equality in the workplace, by ensuring that women have equal opportunities for employment, advancement, and pay. The Company also operates several community programs such as "Babushka", a flagship program, which aims to promote and integrate young women in technology and engineering positions.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Elbit Systems drives innovation that protects and enhances lives through effective homeland defense. The Company's innovations in critical communications and imaging technologies, infrastructure protection, and flight reliability and visibility, make many aspects of life safer for citizens, and represent a key contribution to the security of cities and communities in multiple countries around the world.

11 SUSTAINABLE CITIES AND COMMUNITIES

The Company's advanced technologies are applied in several ways to support smart-city development and critical infrastructure security, protecting and saving lives by providing command and control public security solutions for crisis management, safe cities, events management, and medical teams.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Elbit Systems makes a positive economic contribution in the countries where it operates, engaging with multiple stakeholders, including suppliers that enhance ESG values in their operations. Elbit Systems also creates and maintaines partnerships to advance the development and uptake of technology, training customers to deploy new technology, providing employment to thousands of local employees , improving their skills, and maintaining responsible and transparent business practices.

13 CLIMATE ACTION

Elbit Systems manages its resources efficiently and continually strives to reduce consumption of energy, water, and other materials while reducing its impact on climate change and generating less waste.

ESG STRATEGY 2021-2022

Category	Topic	Goal	Target	2022 Status
Governance and Economy	Corporate governance, ESG risk management, and business ethics	Reduce risk of unethical behavior.	provide ethics and compliance training to 100% of employees every 2 years.	Great majority of underwent ethics and compliance training.
			Perform an ongoing, company wide ethics and compliance risk assessmnets.	An ongoing process.
	Economic performance, R&D, and innovation	Continued investment in breakthrough R&D and innovation activities that help protect and save lives according to governmental directives.	Expand portfolio and a variety of leading-edge new solutions	An ongoing process.
Social	Cybersecurity	Improve cybersecurity maturity level/posture	Mitigate 80% of high-level risks identified at cross-organizational cyber risk assessments by 2023.	✓ Completed.
	Product quality and customer service	Improve customer satisfaction.	Improve overall customer satisfaction rating by 5% by 2023 (vs. 2020 baseline).	✓ Completed In 2022, average customer satisfaction was approximately 87%.
		Expand quantity and quality of customer feedback.	Receive direct feedback from 80% of key customers by 2022.	✓ Completed
	Responsible supply chain	Minority owned businesses	Business development with external minority owned engineering companies – increase business volume by 50%	An ongoing process. In 2022 the number of minority owned businesses went from 8 to 9 suppliers.
	Supplier conduct	Improve ethical awareness and conduct of suppliers.	Commitment by suppliers to uphold ethical practices.	Elbit's purchasing terms and conditions include a Supplier Code of Conduct. The Code makes suppliers aware that the Company expects them to conduct business activities in a fair and ethical manner, in addition to complying with all applicable laws and regulations. During 2021-2022, the Company started to screen over 300 big suppliers using a supplier questionnaire that included questions regarding suppliers' ethical conduct.
	Spending with locally owned businesses	Improve Elbit Systems procurement organization's awareness of the importance of responsible supply chain spending with locally owned businesses	Give preference to sourcing local suppliers.	✓ Completed.
	Conflict minerals	Expand the CM process involving additional Elbit Systems subsidiaries	Questionnaires to be distributed among 800 suppliers every year.	✓ Completed

Category	Topic	Goal	Target	2022 Status
Social	Conflict minerals	Corrective actions to suppliers using smelters at risk	Limit the use of smelters at risk by suppliers.	✓ Completed.
	Responsible employment, diversity, and equal opportunities	Increase gender diversity	By 2023, reach 26% of women in the workforce.	An ongoing process. At the end of 2022, 25% of the workforce were women.
	Health and safety	Improve employee safety	Reduce work injury rate by 20% by 2022 (vs. 2020 baseline).	An ongoing process- 14% reduction in 2022.
			Reduce rate of workdays lost due to injury by 20% by 2022 (vs. 2020 baseline).	✓ Completed. 30% reduction in 2022.
	Advancing technology education	Improved technological resilience and capability in local communities	Active programs in place supporting technology education in Israel, Brazil, and the U.S.	✓ Completed.
Environment	Responsible resource consumption, emissions reduction, and environmental management	Install solar panels at two of our main sites in Israel	Start generating 3.6MW of renewable energy in 2022.	✓ Completed.
		Increase the use of electric cars	Reach 750 electric cars by 2025.	An ongoing process, in the end of 2022, 75 of the cars are electric.
		Report according to the TCFD	Report according to the TCFD by 2024.	The Company is examining TCFD reporting requirements.
		Reduce electricity consumption (kWh/m^2) - Scope 2	Reduce by 5% by 2022 (vs. 2020 baseline)	An ongoing process- 2.4% reduction in energy consumption in 2022.
		Reduce fuel consumption (liter/car) - Scope 1	Reduce by 5% by 2022 (vs. 2020 baseline)	Not completed, 4% increase. Due to COVID19, the fuel consumption was relatively low in the baseline year-2020
		Reduce CO_2-eq emissions (ton/dunam) – Scope 1 and 2	Reduce by 5% by 2022 (vs. 2020 baseline)	✓ Completed. 8% reduction in 2022.
		Reduce absolute CO_2-eq emissions (ton) – Scope 2 only	Reduce by 12% by 2025 (vs. 2020 baseline)	An ongoing process- 8% reduction in 2022.
		Reduce water consumption (m^3/employee)	Reduce by 5% by 2022 (vs. 2020 baseline)	There was 10% increase in water consumption in 2022. Due to COVID19 many employees worked remotely and therefore the consumption in 2020 was relatively low.
		Increase rate of recycling	Reach a minimum of 40% total waste recycled as opposed to sending to landfill	✓ Completed. 41% increase in 2022.

SUSTAINABLE **OPERATIONS**

Elbit's impact as a business is derived not only from its innovation, which protects and enhances lives, but also from the way it conducts itself as a responsible business. The Company aims to maintain an ethical, compliant, and sustainable approach throughout its business activities. As a Company whose shares are publicly traded on NASDAQ and the Tel Aviv Stock Exchange (TASE), it follows a range of corporate governance best practices.*

PROTECTING THE **ENVIRONMENT**

Elbit Systems aspires to preserve environmental resources, reduce its ecological footprint and prevent environmental pollution throughout the product lifecycle. The Company complies with and often exceeds local and global Environmental, Health and Safety (EHS) regulations across its operations. Elbit Systems' EHS Policy is publicly available on the Company's website in addition to the EHS report.

EMPOWERING **EMPLOYEES**

Through the creation of a values-based workplace culture and a focused human-resources strategy, Elbit Systems aims to provide its employees with the tools and the opportunities to deliver innovative solutions and the outstanding service that our customers expect. Similarly, with a foundation of ethical, respectful, and inclusive conduct, Elbit Systems aims to nurture a working environment that enables the success of all its employees. Protecting and enhancing lives applies both to the products supplied to the costumers and to the employees. Protecting our employees through consistent attention to safety and occupational health is fundamental to the way Elbit Systems works.

COMMUNITY ENGAGEMENT

Elbit Systems aims to support the communities in which it operates around the world. Many of the local subsidiaries operate programs that benefit local communities, and the company encourages its employees to volunteer and assist nonprofit organizations that promote a range of worthy causes. One aspect of the global focus, which aligns with the core business, is developing and securing technology skills that can prepare young people for a productive and rewarding career in the industry.

RESPONSIBLE **SUPPLY CHAIN**

The ability to serve customers with outstanding quality and service depends upon an efficient supply chain operating in a responsible and sustainable manner. Elbit Systems aspires to purchase materials and parts from responsible suppliers who respect ethical practices and comply with environmental, quality assurance, social welfare, labor laws and regulations, and industry best practices.

*In 2021-2022, Elbit Systems was not subject to any investigations, fines or other sanctions relating to anti-bribery and corruption issues.

2021-2022 ELBIT SYSTEMS ESG HIGHLIGHTS   9

INNOVATIVE PRODUCTS AND SOLUTIONS FOR ESG CHALLENGES

Today's world is filled with ever-changing threats. Many of the technologies developed at Elbit Systems began as a response to the need to improve the effectiveness and safety of those serving in various nations' defense and security forces. In recent years, there is an increase in the use of these technologies to protect and improve the lives of civilians.

Innovation is a core building block of the Company's business, with approximately 8% of the revenues in 2021-22, reinvested in research and developing new solutions each year.

REDUCING THE ENVIRONMENTAL IMPACT AND REDUCING SAFETY RISKS THROUGH TRAINING SIMULATORS

Modern armies are increasingly reliant on training simulators to effectively train their personnel. Simulators are not only a powerful tool to enhance the skills and performance of soldiers, but also an effective way to reduce the environmental impact and safety risks. By exposing soldiers to immersive and challenging environments, their knowledge and skills can be tested and improved without endangering themselves or others. Additionally, simulators help identify gaps or areas that may require further training. The use of training simulators further leads to reduced training costs by eliminating the need for live ammunition and expensive training facilities.

Moreover, simulators have a significant environmental advantage; Use of flight simulators produces less emissions, contributing to reducing the carbon footprint and mitigating climate change.[1]

As of 2022, the IDF performed about 15% of all training flight hours on F15 and F16 aircraft using Elbit Systems simulators, with a target of 35% by 2026. This progress significantly reduces greenhouse gas and polluting gas emissions by decreasing jet fuel consumption.

1. Depending on electricity efficiency and the end consumer's energy source.

HYDROLITE IS HELPING ACCELERATE THE GREEN ENERGY REVOLUTION

As the technology for producing and using hydrogen continues to develop, it is likely to become an increasingly important part of the global energy mix. Hydrogen has a potential to play a role in helping achieve net-zero emissions, as a clean fuel that does not produce greenhouse gases when burned.

Hydrolite, an industry-backed venture wholly owned by Elbit Systems, was established in 2016 and focuses on hydrogen-based solutions using the AEM technology (alkaline exchange membrane technology). With approximately one-third of its 25 employees holding doctorates in relevant fields (e.g., chemical engineering, nanotechnology, and materials engineering), Hydrolite aims to bring competitive and high-performance hydrogen products to the market, which are considered 'the next big thing' in the hydrogen industry by international research organizations like NREL (National Renewable Energy Laboratory).

The company has knowledge and patents in the two key sectors of the hydrogen economy: electrolysers, which are electrochemical devices that generate hydrogen from water, and fuel cells, which are devices that convert hydrogen and air into electrical energy.

Aim to launch its products in 2025, Hydrolite's innovations have the potential to revolutionize the green energy market, offering cleaner energy production, replacing backup diesel generators and reducing pollutant systems, generating green hydrogen and paving the way for a greener planet.

CUTTING- EDGE OPTICAL GAS IMAGING AND ENVIRONMENTAL SOLUTIONS

Opgal, an Elbit Systems subsidiary, is a leading developer of optical gas imaging solutions. With over 40 years of field proven experience, Opgal has created the Optical Gas Imaging (OGI), accurate thermography and quantification solutions, combined with dedicated hardware, breakthrough algorithms and unique software solutions.

Optical Gas Imaging is the most efficient technology to be used in the oil & gas industry for leak detection. In petrochemical plants, detecting gas leaks without OGI technology is time consuming and labor intensive.

Incorporating Opgal's EyeCGas 2.0 OGI camera into a routine maintenance plan is helping natural gas companies to reduce emissions of harmful gases (such as SO2 and VOCs which are harmful to human health and can contribute to smog formation), improve occupational safety, and reduce production costs.

In addition, in collaboration with Sheba Medical Center, Opgal has been conducting pre-clinical trials with a wide variety of sensors to map out the human condition on a thermal level as of 2022. By using thermal cameras, physicians will be able to detect physiological processes based on changes in body heat and display them digitally. In the medical setting, this technology will enable doctors and surgeons to accurately identify the movement of blood vessels and present a clear picture of carbon dioxide being emitted during exhalation. We hope that this innovative approach will allow us in the future to provide life-saving solutions which will revolutionize the medical world.

ESG DATA*

Employees by employment contract and gender (in ESL)	2018			2019			2020			2021			2022		
	Men	Women	All	Men	Women	All	Men	Women	All	Men	Women	All	Men	Women	All
Total	9,257	3,003	12,260	11,376	3,495	14,871	11,507	3,512	15,019	11,367	3,876	15,243	11,849	4,017	15,866
Full time	8,826	2,667	11,493	10,934	3,153	14,087	11,099	3,218	14,317	10,968	3,558	14,526	11,338	3,657	14,995
Part time	431	336	767	442	342	784	408	294	702	399	318	717	511	360	871

Employees by gender and contract	Unit	2013 (baseline)	2018	2019	2020	2021	2022
Women in our workforce	%	23%	24%	24%	24%	24%	25%
Women in management	%	12%	16%	16%	14%	16%	18%
Full-time employees	%	96%	94%	95%	95%	95%	95%
Employees with collective bargaining agreements	%	27%	24%	37%	37%	38%	35%
Employees by age							
Employees below the age of 30	%	10%	10%		7%	11	12%
Employees aged 30-50	%	51%	54%		56%	51	50%
Employees over the age of 50	%	38%	34%		37%	38	38%
Employees with disability	%				2.80%	2.8%	2.6%

New hires and turnover	Unit	2018	2019	2020	2021	2022
New hires	Headcount	1,430	2,179	1,562	2,181	2,784
Men	Headcount	1047	1,595	1,140	1,567	1,973
Women	Headcount	383	584	422	614	811
Rate of new hires	%	12%	15%	10%	14%	16%
Men	%	11%	14%	10%	13%	15%
Women	%	12%	16%	12%	14%	17%
Turnover	Headcount	1,281	1,758	1,734	1,962	2,324
Men	Headcount	957	1,350	1,002	1,449	1,711
Women	Headcount	323.8	408	372	513	613

Training and development	Unit	2013 (baseline)	2018	2019	2020	2021	2022
Employee training average hours	Average hours / person/year	31	16	12.2	12.2	10.1	12
Employee performance reviews	% of employees	98%	98%	100%	100%	100%	100%
Eligible employees receiving anti-corruption training	%	74%	100%	100%	100%	100%	100%

*ESG Data includes the following territories: Israel, US, The UK, Brazil and Romania. In previous years the data included Australia, which was removed following a downsizing of the business.

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HEALTH AND SAFETY **DATA**

Injury frequency rate (employees + contractors)		2018	2019	2020	2021	2022
			(including IMI)	(including IMI and new site in US)		
Brazil	Injury frequency rate (LTIFR) (lost-time injuries per 200k hours worked)	0.62	0.34	0	0	0
Israel		0.81	0.8	0.77	0.63	0.54
U.S.		0.14	0.19	0.04	0.38	0.86
UK		1.74	2.05	0	0.75	
Romania			0.21	0	0.17	0
Total		**0.73**	**0.87**	**0.65**	**0.56**	**0.55**

Lost day rate due to injuries (employees + contractors)		2018	2019	2020	2021	2022
			(including IMI)	(including IMI and new site in US)		
Brazil	Lost-day per 200k hours	4.68	0.34	0	0	0
Israel		10.76	13.33	16.94	9.08	6.93
U.S.		2.52	10.31	3.18	15.24	42.27
UK		2.94	3.42	0	33.97	
Romania			8.15	0	7.53	0
Total		**9.18**	**13.79**	**14.45**	**10.15**	**11.93**

ENVIRONMENTAL PERFORMANCE **DATA**

	Unit of measurement	2015 (baseline)	2018	2019 (including IMI)	2020 (including IMI and new site in US)	2021	2022
Renewable materials used (Paper)	Ton		112.86	119.41	140.04	144.77	262.41
Direct energy consumption (Scope 1)	MWh	83,233	72,857	71,083	83,042	60,670	75,563
Indirect energy consumption (Scope 2)	MWh	147,837	154,547	234,662	276,083	269,746	269,672
Total energy consumption (Scope 1+2)	MWh	231,069	227,404	305,746	359,125	330,416	345,235
Energy efficiency	MWh/m²	0.487	0.489	0.365	0.421	0.378	0.413
Scope 1 GHG emissions	Tons CO_2e		18,494	18,034	22,165	17,042	20,996
Israel			18,372	17,384	19,601	16,173	19,926
US					227	247	375
Brazil			122	58	49	35	33
UK				385	1,887	151	208
Romania				207	370	405	421
Scope 2 GHG emissions[5]	Tons CO_2e		70,758	109,592	112,925	110,934	104,088
Israel			59,929	97,978	89,296	87,056	85,278
US			8,275	8,095	20,340	20,402	15,874
Brazil			1,285	289	254	290	270
UK			679	622	541	760	714
Romania				2,018	1,945	1,764	1,665
Scope 1+2 GHG emissions	Tons CO_2e	118,429	89,252	127,626	135,090	127,977	125,084
GHG emissions efficiency[6]	Tons CO_2e/m²	0.315	0.238	0.152	0.158	0.146	0.150

	Unit of measurement	2015 (baseline)	2018	2019 (including IMI)	2020 (including IMI and new site in US)	2021	2022
Scope 3	Tons CO_2e				54,460	66,659	54,329
Reduction of GHG emissions	Tons CO_2e				218.82	23.76	68.18
Volatile organic compounds (VOC)	Metric tons		150.6	79.5	92	74.3	92.3
Water withdrawal[10]	m³	245,108	249,163	798,849	916,398	1,026,296	1,009,488
Israel			208,173	749,042	761,286	852,079	824,827
US			31,419	31,466	141,839	160,860	170,661
Brazil			3,837	2,825	2,640	3,664	5,051
UK			5,198	6,990	3,760	3,517	3,408
Romania			7,836	6,393	5,382	4,254	
Water efficiency	m³ /employee	15.31	14.91	39.08	44.11		
Total hazardous waste	Metric tons		1,232	3,870	3,298	2,175	1,879
Reuse/recycling	Metric tons		709.94	1,286	465.42	228	191.5752
Landfill	Metric tons		204.01	1,445	1,410	1,944	1,422
Other treatment	Metric tons		318.41	1,139	1,423	3	265
Hazardous waste recycling rate	%		58%	33%	14%	10%	10%
Total non-hazardous waste	Metric tons		4,763	10,144	32,436	10,766	10,397
Reuse/recycling	Metric tons		904.59	3,116	8,765	4,117	4,099
Landfill	Metric tons		3,859	7,028	23,671	6,649	6,298
Non-hazardous waste recycling rate	%		19%	31%	27%	38%	39%
Total waste	Metric tons		5,996	14,014	35,734	12,941	12,277

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