Elbit Systems™

PROTECTING
LIVES Through
INNOVATION

ELBIT SYSTEMS SUSTAINABILITY REPORT 2017-2018

About this
REPORT

This is the sixth biennial Sustainability Report (the Report) of Elbit Systems Ltd, describing our approach to corporate responsibility and sustainability and the key actions we have taken since our last Report to advance responsible practices in our business and enhance our impacts on society and the environment.

This Report is prepared in accordance with Global Reporting Initiative (GRI) Standards, Core Option. It covers our five primary operational geographies: Israel, U.S., Brazil, Australia and the UK.

In developing the content for this Report, we considered input from our primary stakeholders – employees and customers – as well as from other stakeholders through our different communications with them throughout the year. A Reporting Steering Committee, headed by the Executive Vice President for Human Resources and the Executive Vice President and Chief Compliance Officer, determined the selection of content for this Report based on an internal review of Elbit Systems' most material sustainability impacts.

We report every two years. Unless otherwise stated, data and information in this Report are for the calendar years 2017 and 2018. All reported data is verified internally prior to publication, and we do not employ external verification. Detailed financial information is not included in this Report. Our annual reports to the U.S. Securities and Exchange Commission on Form 20-F, including our consolidated financial statements, are available on our corporate website: www.elbitsystems.com.

Contact for Feedback:

We welcome your queries, suggestions, comments and feedback to:

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CSR Manager, Elbit Systems Ltd.
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Introduction by the
PRESIDENT AND CEO

I am pleased to present Elbit Systems' sixth Sustainability Report covering the years 2017 and 2018, under the theme of Protecting Lives through Innovation.

Our vision at Elbit Systems is to be a world leading source of innovative, technology-based systems for diverse defense and civilian applications. We do this in service of an important goal – using the tremendous potential of technology to help protect those who protect us in a multitude of defense settings in tens of countries across the globe and increasingly, in civilian settings, where we help make cities smarter, safer and more environmentally efficient.

Our global society continues to face multiple challenges that endanger a future in which we can all thrive. Terrorism, homeland security threats, cybercrime, natural disasters and climate change, to name but a few of the serious issues that challenge our societies around the world, are sadly increasing in intensity and frequency. We must bring the full scale of our innovation possibilities to deliver more effective systems that are cost-competitive and climate-friendly for our customers around the world as they endeavor to minimize risks to

populations and improve the quality of life. At Elbit Systems, we dedicate ourselves to developing and delivering innovative, technology-based solutions that change the game in terms of providing protection and enhancing lives. Our focus aligns with the UN's Sustainable Development Goals' aspiration to achieve sustainable global prosperity by 2030. I invite you to read about a selection of our solutions in this report – from our work to make the skies safer for civilian aircraft, to improving healthcare outcomes through new technology-based tools for surgeons, to protecting forests through an incredible new firefighting solution. We continue to invest hundreds of millions of dollars each year to support our extensive innovation program in both our traditional field of defense and increasingly in civilian applications, and we will continue to do so.

Our customers, employees, suppliers, shareholders and communities look to Elbit Systems to represent a model of innovation that benefits society.

Our innovation rests on a solid foundation of sustainable business – one that has expanded significantly through important acquisitions since our last report. We are committed to

ethical, compliant and responsible practices in all that we do, and we have made significant progress against our 2020 Sustainability Strategy that we established more than five years ago. In terms of climate change, for example, we have achieved a 23% reduction in our annual normalized greenhouse gas emissions and an 18% reduction in our water consumption since 2013. We continue to invest in our employees' professional development and safety at work, and also in advancing technological education in our communities.

In 2018, we also engaged for the first time, with an external benchmarking organization for sustainable practices, and achieved a Silver Medal, placing us in the top 26% of our industry, an achievement of which I am particularly proud, although one in which we have room for improvement.

I thank you for your interest in this report and welcome your feedback.

B. Machlis

Bezhalel (Butzi) Machlis
Elbit Systems President and
Chief Executive Officer

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AIR & SPACE

UNMANNED

LAND

NAVAL

COMMERCIAL

CYBER

HOMELAND SECURITY

OUR MAJOR TECHNOLOGY SOLUTIONS PLATFORMS

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About

ELBIT SYSTEMS

We are an international high technology company engaged in a wide range of programs that protect and enhance lives throughout the world. We develop and supply a broad portfolio of airborne, land and naval systems and products for defense, homeland security, cyber security and commercial applications. We provide new solutions and support services, including training and simulation systems. We are headquartered in Israel and maintain subsidiary operations in numerous countries around the world, with a workforce of more than 16,000 employees.

Our "one-company" approach of developing integrated and synergistic solutions that combine our different technologies positions us to meet evolving customer needs for greater safety, security, reliability and cost-efficiency. We tailor and adapt our technologies, integration skills, market knowledge and operationally proven systems to each customer's individual requirements.

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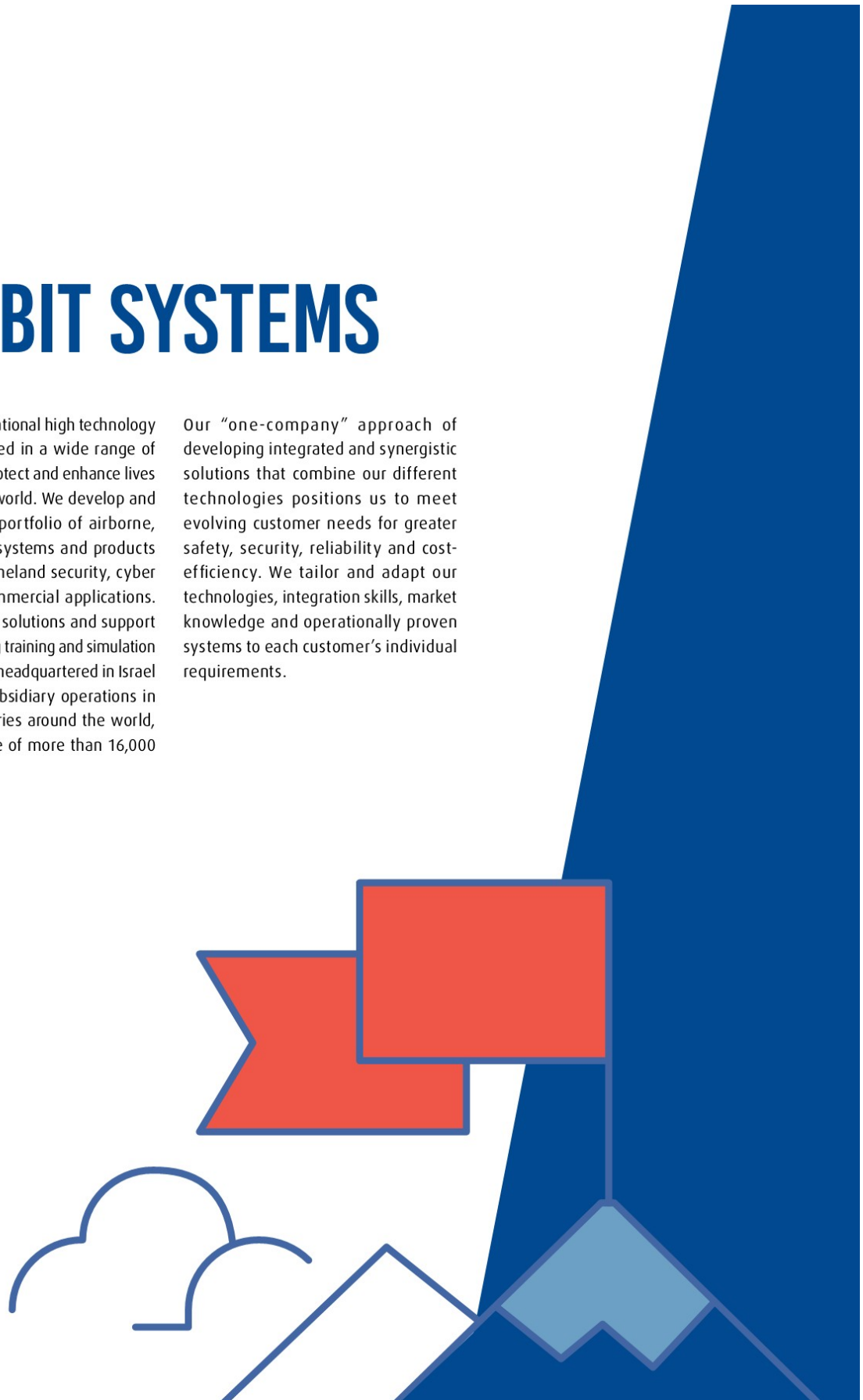
CORPORATE PROFILE

$3,683.7
MILLION
revenues in 2018

$206.7
MILLION
net income (non-GAAP) in 2018

$317.7
MILLION
expenditure on R&D
(8.6% of revenues)
in 2018

$9,399
MILLION
order backlog at end
of 2018

BEZHALEL MACHLIS
President and CEO

MICHAEL FEDERMANN
Chair of the Board of Directors

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Our
VISION

To be a **world leading source of innovative, technology-based systems** for diverse defense and civilian applications.

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Teamwork and Synergy

Innovation, Creativity and Technological Leadership

Customer Focused

Social Sustainability

CORE VALUES

Employee Excellence

Leadership, Personal Responsibility and Accountability

Honesty and Ethics
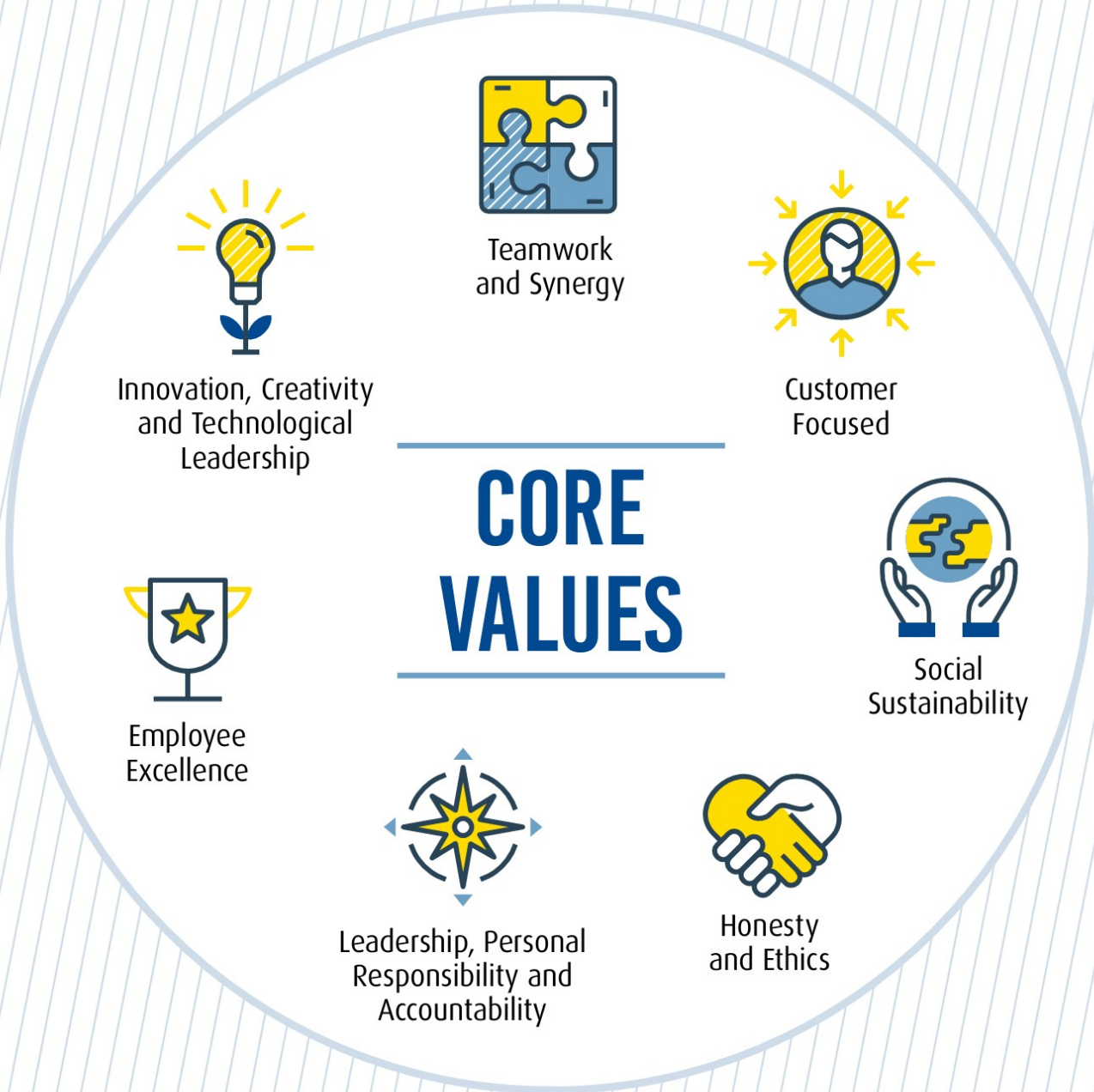
Recognition from our
STAKEHOLDERS

LEADING CEO

Bezhalel Machlis, Elbit Systems President and CEO, was named to the list of the top 50 CEOs in Israel in 2017 and 2018 by Calcalist Magazine.

BEST PLACES TO WORK

Elbit Systems was ranked the 7th best place to work in Israel in the annual CofaceBDI 2018 ranking of corporate workplaces in Israel.

SOCIAL SUSTAINABILITY RECOGNITION

In 2017 and 2018, Elbit Systems was awarded the highest possible level in the Business for Social Responsibility (Maala) ranking in Israel: Platinum Plus.

SUPPLIER PERFORMANCE EXCELLENCE AWARD

Boeing granted its Supplier Performance Excellence Award to Elbit Systems-Cyclone in 2018.

INTERNATIONAL COLLABORATION

In 2017, Elbit Systems was awarded one of two Excellence and Leadership Awards by the Israel-Korea Chamber of Commerce for efforts to strengthen business and cultural ties between the two countries.

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Sustainability at
ELBIT SYSTEMS

Sustainable and responsible business conduct at Elbit Systems is important to our long-term success because it helps us become a better and more resilient business. Increasingly, our customers are demanding greater transparency on ESG (environmental, social and governance) matters. We also continue to address sustainability risks in our business in order to protect our reputation, our employees and our business partners.

Our sustainability approach is led by a global Steering Team comprised of senior business and corporate function leaders. The Steering Team meets periodically to direct strategy, review progress, advance performance and support communications.

Our Sustainability Priorities

In 2014, following a full review of internal and external stakeholder expectations, we published ten sustainability priority topics. Over the years, these have been revisited and reviewed, taking into account the expectations of our primary stakeholders as well as external market developments and challenges in our industry. In 2018, we reconfirmed these ten priority topics as the most material sustainability topics for our business.

Our ten sustainability priority topics are based on feedback from our primary stakeholders about what matters most to them, gathered through our interactions with them each year. In addition to engaging with our employees, customers suppliers and shareholders, we also collaborate with industry groups, regulatory bodies and local communities as needed to address their concerns and expectations.

OUR TOP TEN SUSTAINABILITY PRIORITY TOPICS

Impacts on Society and our Customers
1	Homeland defense and cyber security threats to governments, communities and citizens
2	Civilian flight safety and security
3	Sustainable innovation - climate change, resource constraints and natural disasters that affect global safety and security
4	Product quality and customer service

Impacts throughout our Operations
5	Employee satisfaction
6	Employee health and safety
7	Resource consumption and emissions
8	Ethical conduct
9	Supplier best practice
10	Advancing technology education to support future innovation

Expectations of key stakeholders

Employees — Positive workplace culture; opportunities for personal and professional development; communications and information.

Customers — Innovative integrated solutions that provide cost-efficient value; environmental sustainability; outstanding customer service.

Suppliers — Fair and ethical dealing, partnership approach, opportunities to support innovation and technology development.

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Supporting the Sustainable
DEVELOPMENT GOALS

Following the adoption of the Sustainable Development Goals (SDGs) by the United Nations in 2015, we examined our sustainability priorities and their alignment with the SDGs. We understand we have both an obligation and an opportunity in supporting the SDGs to promote prosperity for people and the planet and believe we make an important contribution by protecting and enhancing lives through innovation and responsible business conduct. We have identified, in particular, four of the 17 goals where Elbit Systems advances the SDGs through our core business.

HOW WE ARE ADVANCING THE SDGs

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

We drive innovation that protects and enhances lives through effective homeland defense, cyber security and flight safety. Our 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 our cities and communities in many countries around the world.

11 SUSTAINABLE CITIES AND COMMUNITIES

Our advanced technologies are applied in several ways to support smart-city development and critical infrastructure security, protecting and saving lives while providing optimum "command and control" public security solutions for crisis management, safe cities, events management and more.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

We make a positive economic contribution in the coutries where we operate, engaging with multiple suppliers and partners to advance the development and uptake of technology, training customers to deploy new technology, employing thousands of individuals, improving their skills and maintaining responsible and transparent business practices.

13 CLIMATE ACTION

We manage our resources efficiently and continually strive to reduce our consumption of energy, water and other materials while reducing our impact on climate change and generating less waste.

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Sustainability Strategy 2020:
PROGRESS IN 2018

Impacts on Society and Our Customers

Topic	Goal	Target	Progress in 2017/2018
Homeland defense and cyber security	Solutions to improve safety and security of first responders and society.	Continue to develop cutting-edge solutions for customers around the world.	Expanded and enhanced our homeland security offerings with Hermes™ 900 StarLiner and other solutions
Civilian flight safety and security	Resource-efficient solutions to improve flight safety and security.	Expand portfolio of leading-edge solutions to commercial aviation customers around the world.	Expanded and enhanced our flight safety offerings including J-Music™ DIRCM and ClearVision™
Sustainable innovation	Continued investment in breakthrough technological solutions that help protect and save lives.	Expand delivery of technology-based solutions to commercial customers around the world.	Expanded involvement in several technology areas including the IncuBit technology incubator
		Expand employee innovation programs.	Continued numerous employee activities relating to innovation.
Product quality and customer service	Improve customer satisfaction.	Improve overall customer satisfaction rating by 5% by 2020. (2014 baseline)	83% rating, a reduction of 3.5% since 2014
	Expand quantity and quality of customer feedback.	Receive direct feedback from 75% of key customers by 2020.	2017 – 66% 2018 – 75%

Impacts Throughout Our Operations

Topic	Goal	Target	Progress in 2017/2018
Employee satisfaction	Higher employee engagement and satisfaction.	10% improvement in employee satisfaction by 2020. (2013 baseline)	8% improvement in 2017 versus 2013 survey.
Employee health and safety	Improve employee safety	Reduce work injury rate by 15% by 2020. (2013 baseline)	Increase in work injury rate of 12% in 2018 versus 2013
		Reduce rate of lost days due to injury by 20% by 2020. (2013 baseline)	Increase in lost days of 5% in 2018 versus 2013
Resource consumption and emissions	Reduce electricity consumption	Improve electricity consumption intensity by 5% by 2020. (2013 baseline)	Increased 14% in 2018 versus 2013 (MWh/employee/000m²).
	Reduce GHG emissions.	Improve GHG emissions intensity by 7% by 2020. (2013 baseline)	Improved by 23% in 2018 versus 2013 (tons CO_2e /employee/000m²)
	Reduce water consumption.	Improve water consumption intensity by 5% by 2020. (2013 baseline)	Improved by 18% in 2018 versus 2013 (m3/employee/000m²).
Ethical conduct	Reduce risk of unethical behavior.	100% employees trained in anti-corruption and ethics every 2 years	95% of employees trained in 2017-2018.
		Perform annual ethical risk assessments at all operational sites.	Annual risk reviews for all sites performed in 2017-2018.
Supplier conduct	Improve ethical awareness and conduct of suppliers.	Commitment by suppliers to uphold ethical practices.	All major suppliers have received and acknowledged our Supplier Code of Conduct.
Advancing technology education	Improved technological resilience and capability in local communities.	Active programs in place supporting technology education in Israel, Brazil and U.S.	Maintained programs in Israel and the U.S.

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Sustainability
HIGHLIGHTS IN 2018

EMPLOYEE

8% improvement in employee engagement and satisfaction (2017 versus 2013)

97% of employees agree or strongly agree that their role at Elbit Systems is meaningful and creates value (2017 survey)

13 companies in our Incubit technology incubator platform

>50% of our employees use our internal communications platform, WeBit, every single day

95% of eligible employees trained in anti-corruption

0.73 global injury rate per 200,000 hours in 2018

CUSTOMER

83% overall customer satisfaction rating

75% of our customers provided direct feedback on our quality and service

SILVER 2019 ecovadis CSR Rating

Silver Medal CSR Rating by EcoVadis based on 2018 performance

SUPPLIER

87% supplier satisfaction in our inaugural annual supplier survey

COMMUNITY

$3.55 million invested in our communities in 2017 and 2018
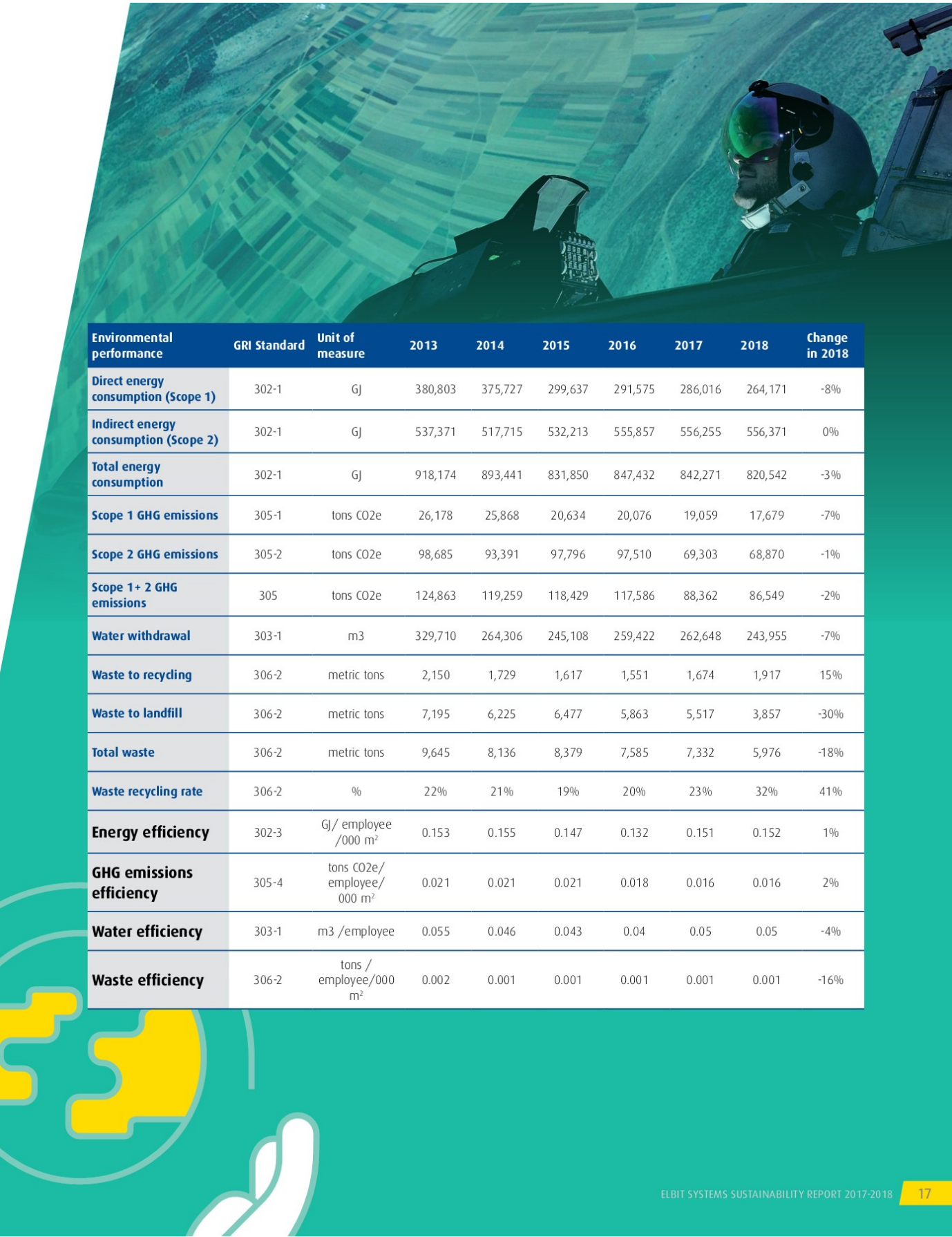
>19,300 hours volunteered by our employees in the community in 2018

ENVIRONMENT

1% improvement in normalized energy consumption in 2018 versus 2013

23% improvement in normalized greenhouse gas emissions in 2018 versus 2013

18% improvement in normalized water consumption in 2018 versus 2013

38% reduction in total waste generated in 2018 versus 2013

Sustainability
DATA SUMMARY

Employees by gender and contract	GRI Standard	Unit	2013	2014	2015	2016	2017	2018
Women in our workforce	405-1	%	23%	23%	23%	24%	24%	24%
Women in management	405-1	%	12%	13%	14%	15%	17%	16%
Permanent contract employees	102-8	%	94%	96%	96%	95%	85%	84%
Full time employees	102-8	%	96%	94%	95%	94%	94%	94%
Employees with collective bargaining agreements	102-41	%	27%	26%	26%	25%	25%	24%
Employees by age								
Employees below age 30	102-8	%	10%	10%	10%	11%	11%	10%
Employees aged 30 - 50	102-8	%	51%	51%	52%	53%	53%	54%
Employees over age 50	102-8	%	38%	39%	37%	36%	36%	34%
New hires and turnover								
Employees covered in Sustainability Report*	102-8	Headcount, year end	10,435	10,476	10,898	11,104	12,115	12,221
New hires	401-1	Headcount	821	1,007	1,074	1,248	1,367	1,393
Leavers	401-1	Headcount	1,177	977	1,016	975	1,090	1,247
Turnover	401-1	Leavers % end-year headcount	11%	9%	9%	9%	9%	10%
Training and development								
Employee training total hours	404-1	Total hours	327,744	275,476	296,292	300,853	223,549	210,688
Employee training average hours	404-1	Hours average /person/year	31	26	28	28	17	16
Employee performance reviews	404-3	% of employees	98%	98%	96%	87%	98%	98%
Ethics/anti-corruption								
Eligible employees receiving ethics and anti-corruption training	205-2	%	74%	100%	100%	100%	100%	100%

* Employees in Israel, U.S., Brazil, Australia and UK, representing more than75% of our workforce

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| Environmental performance	GRI Standard	Unit of measure	2013	2014	2015	2016	2017	2018	Change in 2018
Direct energy consumption (Scope 1)	302-1	GJ	380,803	375,727	299,637	291,575	286,016	264,171	-8%
Indirect energy consumption (Scope 2)	302-1	GJ	537,371	517,715	532,213	555,857	556,255	556,371	0%
Total energy consumption	302-1	GJ	918,174	893,441	831,850	847,432	842,271	820,542	-3%
Scope 1 GHG emissions	305-1	tons CO2e	26,178	25,868	20,634	20,076	19,059	17,679	-7%
Scope 2 GHG emissions	305-2	tons CO2e	98,685	93,391	97,796	97,510	69,303	68,870	-1%
Scope 1+ 2 GHG emissions	305	tons CO2e	124,863	119,259	118,429	117,586	88,362	86,549	-2%
Water withdrawal	303-1	m3	329,710	264,306	245,108	259,422	262,648	243,955	-7%
Waste to recycling	306-2	metric tons	2,150	1,729	1,617	1,551	1,674	1,917	15%
Waste to landfill	306-2	metric tons	7,195	6,225	6,477	5,863	5,517	3,857	-30%
Total waste	306-2	metric tons	9,645	8,136	8,379	7,585	7,332	5,976	-18%
Waste recycling rate	306-2	%	22%	21%	19%	20%	23%	32%	41%
Energy efficiency	302-3	GJ/ employee /000 m²	0.153	0.155	0.147	0.132	0.151	0.152	1%
GHG emissions efficiency	305-4	tons CO2e/ employee/ 000 m²	0.021	0.021	0.021	0.018	0.016	0.016	2%
Water efficiency	303-1	m3 /employee	0.055	0.046	0.043	0.04	0.05	0.05	-4%
Waste efficiency	306-2	tons / employee/000 m²	0.002	0.001	0.001	0.001	0.001	0.001	-16%

Solutions to Protect and
ENHANCE LIVES

Today's world faces ever evolving threats to our communities and to those who devote their lives to protecting us. Many of the technologies developed at Elbit Systems were, in the first instance, a response to the need to improve the effectiveness and safety of the women and men serving in the defense and security forces of different nations. In recent years, we are increasingly deploying our technologies to protect and enhance the lives of civilians as well. This includes applications to make cities smarter, improve the reliability and safety of commercial aviation, secure borders and provide enhanced tools that give police, firefighters and other first responders the ability to provide decisive support for victims of crises and emergencies. Elbit Systems integrated capabilities enable us to combine the best of existing and new technologies to help protect, save and enhance lives.

"We are increasingly measuring the impact of innovation at Elbit Systems. This means setting measurable targets for each division and creating a policy for measuring the value generated from innovation processes. We are embedding these approaches into our systems as part of our organizational culture."

Shuki Yehuda, Executive Vice President, Chief Technology Officer

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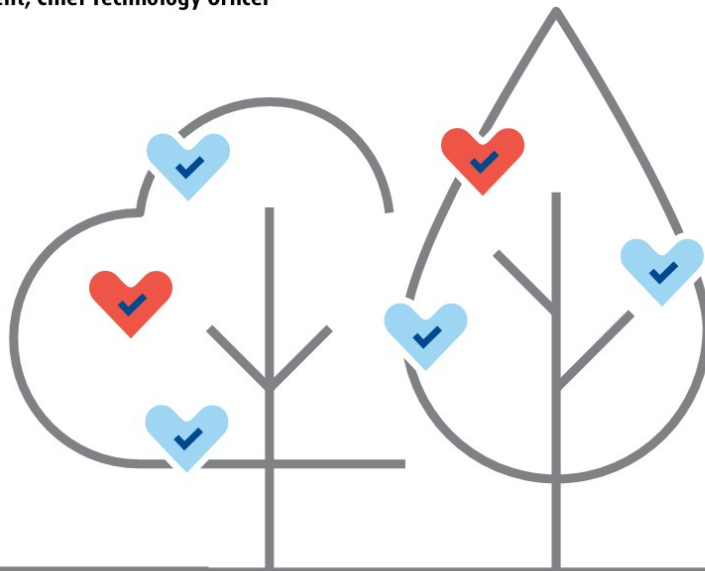
Innovation
AT OUR CORE

Innovation is a core building block of our business, with between 6 – 9% of our revenues reinvested in developing new solutions for our customers each year. Our approach to innovation is deliberate, engaging our employees through exposure to training and tools such as Innovation Leaders' Training, Hackathons and other opportunities to learn and apply new technologies. We also seek to collaborate with others in different forms of partnerships and initiatives. We maintain several collaboration engagements with startups, incubators, universities and research institutes.

A key initiative that we founded in 2011 is our subsidiary Incubit Ventures, an incubator operating within the Israeli Innovation Authority (IIA) incubators program. Our investment focuses on early stage startups with up to $1.3 million equity investment over two years plus additional practical support and services such as office and laboratories, accounting and legal services, business and marketing mentoring, and supporting future rounds of investments.

Through 2018, Incubit invested in 13 startups, several of which bring environmental and social benefits, through breakthrough technological capabilities.

For example:

ECHOCARE TECHNOLOGIES:
developed monitoring equipment for the elderly using radar technology that can detect whether elderly people need assistance and inform the appropriate caregivers or emergency services. Currently the solution is finding success in the marketplace and planning expansion.

HEMISENS:
developed seismic sensoring technologies that are applied in oil and gas exploration to make data gathering more cost effective and reduce the environmental impacts of data management via communications towers.

CENS MATERIALS LTD.:
developed a way of increasing the energy storage capacity of lithium-ion batteries by 15-30% using nano carbon tubes. The batteries are now in proof-of-concept testing and once successful, will substantially help users to reduce the environmental impact of lithium-ion batteries.

ULTRAWIS LTD.:
developed an auto control, enhanced vision, solution for tower cranes to enhance visibility

and reduce fatal accidents. The solution is based on Elbit Systems' technology and 14 registered patents. The plan is to go to market in 2020.

SPECTRALICS:
developed a next generation optical chip solution to enhance driver visibility through an immersive and natural augmented reality experience on a vehicle's windshield.

FLYWORKS:
developed a solution for high-performance drones, enabling them to carry significant payloads and fly for hours but remain light, cost efficient, and safe, especially for demanding commercial applications and beyond-visual-line-of-sight operations. Flyworks uses breakthrough technology to combine electric and gasoline engines to achieve a longer duration of drone flight.

Protecting
CIVILIAN AIRSPACE

Increasingly, European countries are facing homeland and border security challenges, requiring new solutions based on the most advanced technological capabilities. Unmanned Aircraft Systems (UAS), often called drones, offer an advanced solution to addressing complex homeland, border and maritime security challenges. Traditionally, drones have been banned from flight in civilian airspace, mainly for safety reasons. Nevertheless, with the potential of drones to assist in improving security, and with governments' deep awareness of their responsibility to keep their populations safe, growing pressure to develop a solution for safe drone use in civilian airspace became a priority. At Elbit Systems, we focused our efforts on delivering such a solution to help governments protect their people, their cities and their borders.

In 2018, we introduced to our markets the Hermes™ 900 StarLiner, a powerful UAS that is fully compliant with NATO's Standardization Agreement (STANAG) 4671, qualifying it to be safely integrated into civilian airspace and fly in the same airspace with manned aircraft. StarLiner has incorporated the most advanced aviation technologies that allow StarLiner to operate effectively in a wide range of adverse weather conditions while providing maximum possible safety.

After years of ground and flight testing, the Hermes 900 StarLiner has completed certification with the Civil Aviation Authority of Israel (CAAI). In addition, the Hermes 900 StarLiner is currently in production for the Swiss Armed Forces and is scheduled to be delivered and integrated into their operations.

"Our new Hermes 900 Starliner system is a pioneer in the integration of unmanned systems into the civilian airspace. We are in a leading position to provide this capability for homeland security, safe cities, traffic monitoring, border control and other uses. The Hermes 900 Starliner system supports our mission to provide our customers with solutions that enhance national security and save lives."

Danny Israeli, VP Strategy, ISTAR Division

"We are committed to maintain our approach of technological innovation based on an extensive operational experience and provide our customers with advanced systems that enhance effectiveness and safety when coping with evolving national security needs."

Elad Aharonson, Executive Vice President and General Manager of Elbit Systems ISTAR Division

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Maritime
PROTECTION

Our seas and coastlines are vulnerable from a range of suspicious activities and potential hazards, often placing land-based populations at extreme risk. Additionally, illegal or unauthorized fishing operations can place our marine stocks and biodiversity in danger. Maritime agencies around the world seek solutions to these risks. In 2018, the European Maritime Safety Agency (EMSA) decided to invest in the most up-to-date technology and systems. Therefore, in 2018, Elbit Systems was engaged to provide maritime Unmanned Aircraft System (UAS) patrol services to European Union member countries. Our Hermes™ 900 Maritime Patrol UAS, with automatic identification systems for all sea vessels, will be deployed by different EU countries on a rotational basis according to their needs.

"This is the first time that such a UAS patrol system is being used in civilian airspace, in a cost-efficient arrangement where different countries can gain the benefits while sharing the cost of deploying the best technology available. We believe there is significant additional potential to utilize our UAS patrols for the safety and security of citizens in Europe and elsewhere."

Ziv Avni, UAS Business Unit Manager for US, Europe and Australia in Elbit Systems ISTAR Division

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Enhancing
FIREFIGHTING CAPABILITIES

Aerial firefighting is becoming an increasingly essential resource to combat frequent wildfires in forests caused by natural disasters, careless tourists or even arson. However, firefighting aircraft have limitations: they are unable to fly in low altitudes, over rough terrain and in severe smoke and weather conditions without serious risk to the aircraft and the crew. This means, that in many cases, mainly at night, firefighting can only be conducted on the ground, seriously extending the time required to extinguish the fires and the risk to firefighters.

To address these aerial firefighting challenges, Elbit Systems developed HyDrop™, a new system of fire extinguishing pellets that are dropped from an airplane or helicopter. The pellets contain water and fire retardants and are designed for precision delivery from high altitudes. Easily ejected from a custom dispenser that is loaded into a conventional cargo aircraft, HyDrop pellets enhance aerial firefighting capabilities, providing greater protection for forests and firefighters.

The HyDrop computerized delivery system calculates the ballistic trajectory as the aircraft flies at altitudes of up to 3,000 feet, accurately delivering its payload on target. The pellets are made of a special polymer compound and are certified biodegradable, even acting in addition as a fertilizer on the ground, which helps restore the natural environment after the fire. HyDrop has been extensively tested, and in 2018 we were able to bring this revolutionary product to market.

"HyDrop is truly a breakthrough in firefighting. The pellets are easy to make and easy to install in a small dispenser on any aircraft. They are the perfect solution for night flights as high altitudes can be maintained. Because they target specific areas, the use of water is highly efficient."

Gadi Maydan, Vice President, Integrated Programs & Services, Elbit Systems Aerospace Division

Protecting
TANKER AIRCRAFT

An initiative of NATO and the European Defence Agency, the Multinational Multi-Role Tanker Transport Fleet (MRTT) is a pioneering collaboration that enables participating European countries to benefit from a NATO-owned fleet of Airbus A330 tanker aircraft for joint use, primarily to address a longstanding shortfall in air-to-air refuelling capability. Offering cost-effective, flexible operations, MRTT helps countries provide air-to-air refueling as well as strategic airlift and medical evacuation. MRTT aircraft are particularly vulnerable to attack from shoulder missiles due to their lower flying altitudes and high-risk mission profile. Designed specifically to provide high-performance defense against such threats, our J-Music™ DIRCM (Direct Infrared Countermeasures) system was selected by NATO to protect their entire A330 MRTT fleet, using its proprietary monitoring and warning systems and a range of advanced features. Starting in 2017, Elbit began a program of supplying J-MUSIC systems for NATO's MMF fleet. The first successful flight operational test of our J-MUSIC installed on the A330 MRTT is scheduled for 2019, with a planned roll-out of delivery of aircraft through 2023.

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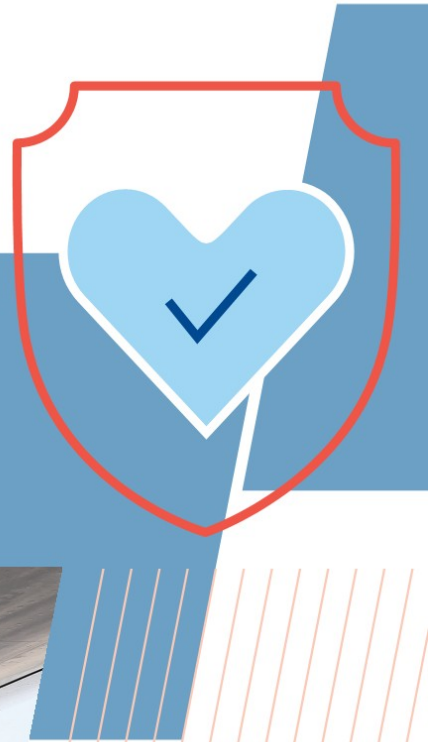
Protecting
OFFSHORE ASSETS

Our cutting-edge sensor technology can also protect multi-million-dollar assets such as offshore structures in the oil and gas industry that play an important role in securing fuel supplies. For example, Elbit Systems was recently chosen to develop protection systems for the offshore Karish-Tanin gas fields floating production platform operated by Energean Israel. Our sensor-based system is equipped with a broad range of technology systems including electro-optics, radars and sonars as well as dedicated sensors on rapid interception vessels. Protecting the personnel employed on these offshore rigs from air or maritime threats, as well as serving the land-based population by protecting valuable oil supplies, is another important way that Elbit Systems protects and enhances lives.

Energean Oil & Gas

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Enhancing Life with
PRECISION HEALTHCARE

The field of healthcare, and specifically surgery, continues to evolve and benefit from ground-breaking technologies that enable precision in surgical interventions based on real-time connectivity and data availability. In the operating room, surgeons can deliver the best patient outcomes if all relevant information is easily accessible in real time, when life-saving decisions must be made.

At our spin-off subsidiary Beyeonics Surgical, we have developed Clarity, a visualization tool for surgeons. Clarity is a headset that provides provides surgeons with Augmented/Virtual Reality vision capabilities that replace surgical microscopes while allowing real-time integration of an unlimited amount of data. The Clarity platform is comprised of a Transparent Head Wearable Display that utilizes unique Elbit Systems' displays technology, 3D ultra-resolution remote sensing cameras and a Processing Core that leverages our image processing know-how as well as analytical tools to enable zero latency integration of information from multiple digital sources.

Following successful clinical trials and U.S. Food and Drug Administration (FDA) registration, Clarity has now been successfully tested in more than 20 ophthalmic surgeries in Israel and the U.S., pending formal approval for commercial use.

"Clarity is a breakthrough invention for the healthcare industry. Giving surgeons easy access, in real time, to every possible piece of information they need while performing surgery is one of the most significant advancements in surgical technology of recent years. We look forward to Clarity helping protect and save many lives in the future."

Ron Schneider, CEO, Beyeonics Surgical

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Enhancing
INNER CITY SAFETY

With increasing urbanization, maintaining the safety of citizens is an increasingly complex task. Originally developed for military applications, we have modified a new sensing and analysis system that provides real-time acoustic based intelligence that significantly enhances the response time of first responder and security forces operating in urban and border areas. The system, called May, identifies abnormal sounds (deviation in standard decibel levels) and pushes out an alert to law enforcement agencies in a given city. Screaming, breaking glass or gunshots, for example, would cause an alert to be raised. Local cameras enable an immediate view of the area to establish whether further action is needed.

MAY dramatically reduces the response time of first responders and introduces a strong deterrent to vandalism, criminal violence, rioting and other public safety-related issues in urban environments, helping make our streets safer and enhancing life for city dwellers.

26
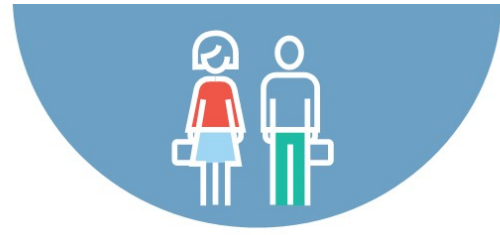
Sustainable
OPERATIONS

Our impacts as a business are derived not only through our innovation that protects and enhances lives, but also through the way we conduct ourselves as a responsible business. We aim to maintain an ethical, compliant and sustainable approach throughout our business activities.

In 2018, for the first time, we engaged with an internationally recognized external benchmarking organization, **EcoVadis**, to measure our sustainability performance against thousands of other companies in our competitive universe.

Following our submission of all the relevant information and documentation, and evaluation by EcoVadis assessors, we were proud to be awarded an EcoVadis Silver Medal for our overall performance placing us in the top 26% of companies in our industry assessed for ethics and labor and human rights by EcoVadis.

EcoVadis is the world's most trusted provider of business sustainability ratings for global supply chains, with more than 55,000 businesses on the **EcoVadis** network. The **EcoVadis** sustainability scorecards provide detailed insight covering 21 criteria across four themes of environment, fair labor and human rights, ethics, and sustainable procurement. The **EcoVadis** methodology is built on international corporate social responsibility standards including the Global Reporting Initiative, the United Nations Global Compact, and ISO 26000. Companies participating in the benchmark are ranked at Gold, Silver or Bronze level; typically, no more than 35% of participating companies achieve Gold or Silver rankings.

ecovadis

ELBIT SYSTEMS LTD (GROUP)

has been awarded a

Silver medal

as a recognition of their EcoVadis CSR (Corporate Social Responsibility) Rating

- MARCH 2019 -

SILVER
2019
ecovadis
CSR
Rating

Valid until: March 2020

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Ethics and
COMPLIANCE

Ethical conduct is a cornerstone of our business practices and is the basis for generating trust among our customers, employees, partners and suppliers. With thousands of employees around the world, instilling a culture of ethical conduct helps safeguard our business and provide a positive working environment both for our employees and our business partners.

Our global compliance and ethics programs are led by our Chief Compliance Officer who is an Executive Vice President. Compliance committees are in place at our corporate headquarters and major divisions and subsidiaries to lead local communication, training and adherence. Our Code of Business Conduct and Ethics (Ethics Code) defines our ethical principles and applies to our board of directors, officers and employees company wide.

Throughout the company, in addition to formal communications and training, we hold focused events to embed compliance as a way of doing business. For example, in our Brazilian and UK subsidiaries, we hold annual 'Compliance Days' involving management training by internal and external experts.

In the U.S., Elbit Systems of America (ESA) again attained the Ethisphere's Ethics Inside Certification (EIC) in 2017. This is a 3-year certification and ESA remains the only aerospace and defense company in this sector to receive this certification. ESA's organization was evaluated on more than 100 separate criteria relating to corporate governance, corporate citizenship, and its ethics and compliance program. Additionally, in 2018 Elbit Systems of America was recognized for the third time as an Ethisphere World's Most Ethical Company.

We continue to play an active role as members of the International Forum of Ethical Business Conduct (IFBEC). The purpose of IFBEC is to promote its Global Principles and foster the development of global, industry-wide ethical standards for companies that are active in the U.S. and European aerospace and defense business sector.

Updating our ethics and anti-bribery and corruption procedures

We place particular emphasis on prevention of bribery and corruption, and our policies reflect zero tolerance for corruption. Our ethics and anti-bribery and corruption policies are implemented in each of our subsidiaries around the world in line with any additional requirements to meet local laws in different countries, such as the U.S. Foreign Corrupt Practices Act, the UK Bribery Act and the Brazilian Clean Company Act.

In 2018, our ethics and anti-bribery and corruption procedures were subject to a review, the result of which were reported to the Audit Committee of the Board of Directors. We were assisted in the review by external legal and compliance experts. No critical findings emerged, although opportunities for improvement were identified, including more specific descriptions of our investigations, due diligence and business entertainment processes and enhanced focus on identifying anti-corruption red flags.

We also developed revised procedures to reflect changes in our business environment and provide clearer guidance throughout our operations and supply chain. New procedures were established for specific topics, such as our whistleblower and investigations process and our anti-bribery due diligence measures.

Our Ethics Code, as well as our accompanying Whistleblower and Investigation Procedure, Anti-Bribery and Corruption Compliance Policy, Anti-Bribery and Corruption Due Diligence Procedure, Supplier Code of Conduct and Business Entertainment and Gifts Policy, are published on our website and are periodically updated to reflect evolving best practices.

Ethics and
COMPLIANCE

Supply chain compliance and ethics

Our ability to serve our customers with outstanding quality and service relies upon an efficient supply chain operating in a responsible and sustainable manner. Our policy is to purchase materials and parts from responsible suppliers who respect ethical practices and comply with environmental, quality assurance, social welfare and labor laws, regulations and best practices.

SUPPLIER CODE OF CONDUCT:

Our purchasing terms and conditions include a Supplier Code of Conduct, which is published on our website, and which makes suppliers aware of our expectation that, in addition to complying with applicable laws and regulations, they will conduct business activities in a manner that is fair and ethical. Our Supplier Code of Conduct also requires our suppliers to adopt measures to prevent human trafficking. We maintain specific policies and practices to comply with the requirements of the UK Modern Slavery Act as well as with U.S. Government federal procurement regulations relating to combating human trafficking.

FEEDBACK FROM SUPPLIERS:

In 2017 and 2018, we launched an annual supplier survey among 300 global strategic suppliers. The aim of the survey is to measure how suppliers view Elbit Systems and our requirements and demands as their customer.

In our inaugural supplier survey, supplier satisfaction rating was

87%
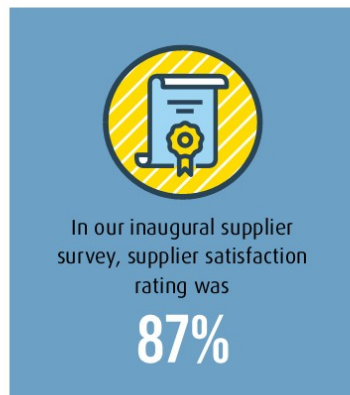
Suppliers gave positive feedback about Elbit Systems' ethical approach, the quality of service given to suppliers by our engineering and warehouse teams and the provision of information about Elbit System's quality requirements. The survey identified opportunities for improvement, such as additional technology support and the need for a more accessible supplier portal and training in the use of the portal. In 2020, as a response, we will launch a new portal to improve processes for our suppliers.

SUPPLIER DIVERSITY:

We aim to practice inclusive procurement, by working with small businesses or women or minority-owned suppliers wherever possible. In many cases, when product specifications prescribe specific qualified suppliers, our flexibility is limited in this regard. In Israel, in 2018, 29% of our purchasing expenditure was with suppliers from the periphery, and 68% from small and medium sized enterprises.

DETECTING AND PREVENTING COUNTERFEIT PARTS:

To prevent the presence of counterfeit parts in our design and manufacturing activities, our policy is to purchase components and equipment parts only from authorized dealers and manufacturers. All incoming parts are subject to our own rigorous quality controls before being accepted into our production operations.

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CONFLICT MINERALS:

Elbit Systems' policy is to use "conflict-free" minerals in our products, and we support government and industry actions to increase supply chain transparency to facilitate the ability of companies to source conflict-free minerals. We have taken measures, consistent with the OECD Guidelines, to meet the applicable reporting obligations, including enhancing our supply chain due diligence and internal controls relating to conflict minerals. As part of our conflict minerals compliance policy, we request that all our current and potential suppliers of raw materials or products complete a Conflict Minerals Supplier Due Diligence Questionnaire. We have reported annually on conflict minerals as required to the U.S. Securities and Exchange Commission since 2014.

See our Conflict Minerals Compliance Policy on our website

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Customer
SATISFACTION AND QUALITY

In order to achieve customer satisfaction, we strive to maintain the highest standards of product and service quality. We measure customer satisfaction for each activity throughout our global operations, collecting multiple data points relating to different aspects of our service to customers. At the same time, we continuously survey our customers to hear directly from them about their experience with our service. Aggregated internal data and customer feedback scores together give an overall customer satisfaction score.

To improve our understanding of the customer experience, our strategy has been to increase the proportion of feedback we receive from customers. In 2018, we hit a record result with

75%

of customers providing their valuable insights about their experience.

We review our service performance formally every month and seek opportunities to improve.

Knowledge sharing to improve quality and service

In order to advance quality and service improvements across our global operations, we maintain several global knowledge-sharing forums covering topics from engineering, quality, operations and other areas. In these forums, solutions to new challenges are discussed and new common practices developed. In 2018, we created a new customer service forum.

New quality procedures for cyber security

A critical issue for our customers is cyber security and protection against the multiple risks posed by cyber threats. In Elbit Systems, we take a holistic approach, addressing potential sources of risk throughout our operations and supply chain and educating our employees to be aware of cyber alerts and report issues appropriately without delay. To advance the quality of our cyber protection, we implemented new procedures for cyber protection in the planning and execution phase of our programs that include communicating cyber security requirements to suppliers and requiring them to have systems in place that identify and prevent cyber risks.

In 2018, we achieved two new certifications for our global operations in the field of cybersecurity:

- **ISO 27032:** Information technology- Guidelines for cybersecurity

- **ISO 27035:** Information technology- Information security incident management

Elbit Systems global operations are certified to the

AS9100:2016

Quality Management System for the Aerospace and Defense Industry Standard

Data privacy and security

We maintain multiple systems to maintain the privacy and security of the data we hold regarding our customers and our interactions with them. In the past two years, there were no breaches of data security across our global operations.

Empowering
EMPLOYEES

A responsible workplace is an empowering one. Through the creation of a values-based workplace culture, and a focused Human Resources strategy, we aim to give our employees the tools and the opportunities to deliver the innovative solutions and the outstanding service that our customers demand. Similarly, with a foundation of ethical, respectful and inclusive conduct, we aim to nurture a working environment that enables everyone to succeed.

Our human resources strategy is based upon four key pillars:

1 **Leadership and proactivity**

2 **Professionalism, quality and excellence**

3 **Trust, partnership and dialogue**

4 **Effective and efficient organizational processes**

OUR GLOBAL WORKFORCE

Employees by region 2018

Australia 2%
Brazil 2%
Other 24%
Israel 60%
U.S. 10%
UK 2%

Employees by gender, 2018*

Women 24%
Men 76%

*Excludes "other"

ELBIT SYSTEMS SUSTAINABILITY REPORT 2017-2018 **33**
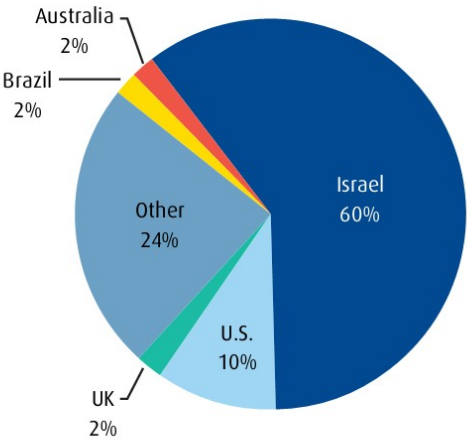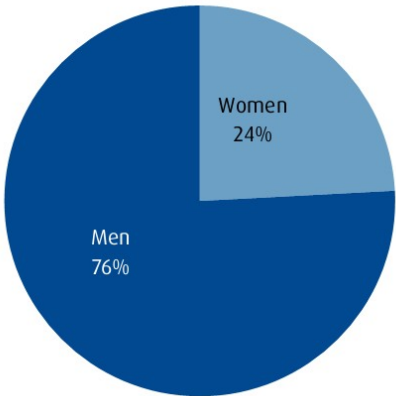
Empowering
EMPLOYEES

Managing workforce continuity

We hire more than 1,300 new team members every year on average across our global business, and we aim to reach the broadest possible base of potential recruits to support our aspiration to create a diverse and dynamic workforce at Elbit Systems. We recruit via several external channels, often in collaboration with leading academic institutions and participation in employment fairs and inviting students for informal chats with our teams of engineers. We have also been focusing on online recruitment leveraging several social media channels and tools, such as LinkedIn Parties, to attract digital savvies and technology competent recruits.

In the coming years, our recruitment challenges will intensify as 12% of our workforce will reach retirement age between 2018 and 2022. The new recruitment channels and processes we have established in recent years will be even more important to replace these valuable retirees and maintain our workforce continuity.

Employee engagement survey

At Elbit Systems, we conduct a global employee engagement survey every two years, in order to hear the frank views of our employees about matters that are important to them. Our most recent survey was conducted in Israel in 2017, with improvements across most parameters versus the prior survey – especially in areas of key strengths such as sense of purpose, teamwork and freedom to take initiative. Some key results included:

85% of employees are proud to work at Elbit Systems

85% of employees are confident in Elbit Systems' future growth and success

90% of employees enjoy working with their teammates

88% of employees agree that their team has a culture of collaboration and knowledge sharing

95% agree or strongly agree that their work is challenging and interesting

97% agree or strongly agree that their role is meaningful and creates value

In addition to these encouraging results, the survey exposed several areas for improvement. For example, employees expressed a desire to be more involved in innovation processes. As a result, we incorporated new initiatives in our innovation strategy, including a new program for Ideation - a forum of 80 engineers from different divisions to assist in creating and seeding new ideas. Additionally, employees requested new opportunities for development and professional learning, and in 2018, we implemented new leadership programs.

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Leadership development, training and learning

We continue to invest in the development of our employees, providing an array of professional and personal skills training across the organization. On average, we invest more than 300,000 hours of formal training each year for employees – all employees have both the opportunity and a relevant selection of practical training offerings to help them succeed in their roles and advance in the organization. A new training schedule is developed each year, encompassing innovative training themes and topics gathered through research across our markets and employee requests. Increasingly, we offer online learning methods, targeting different learning styles that appeal to younger team members. Similarly, we are expanding licenses for a variety of online learning catalogues and platforms to allow flexible learning and enhance a lifelong learning culture at Elbit Systems.

LEADERSHIP DEVELOPMENT:

In 2018, we implemented a management development program that includes leadership training based on our defined leadership competencies. The aim of this program is to empower managers to develop leadership-oriented perception and prepare them for future challenges. In 2018, 320 managers completed the program.

TALENT DEVELOPMENT:

We maintain a range of development programs to support employees at different levels with potential to achieve roles of increased scope and responsibility. Such programs are delivered over the course of a full year or more and include lectures, meetings with senior managers and participation in strategic projects. In 2017-2018, for the first time, we conducted a development program that included 26 senior leaders who report directly to Vice Presidents at Elbit Systems. Following the program, 78% of participants were promoted to Vice President roles. In 2018, two additional programs were created for more than 50 high-potential managers.

PERFORMANCE EVALUATION:

In 2017, we implemented a new performance evaluation process in which employees first perform a self-evaluation. Using the self-evaluation and the manager evaluation, a structured dialogue is conducted covering performance, training needs and career paths. In 2018, 98% of employees participated in a formal performance evaluation dialogue. We also provided managers with additional feedback to help them managers understand how their leadership style motivates their team members. This feedback was developed using responses to our employee engagement survey in 2017.

Empowering
EMPLOYEES

COLLABORATION THROUGH SHARING AND DIALOGUE

Following the introduction in 2016 in Israel of our internal social media channel for employees, WeBit, we have seen an increasingly enthusiastic uptake and active participation, with some exciting benefits, that employees confirmed in a 2018 survey:

- WeBit is an effective platform for sharing information and ideas

- Organizational and professional information is more accessible and transparent, helping build trust and partnerships within and across divisions

- Processes are more effective as people learn from each other and save time "reinventing the wheel"

68% of WeBit users confirmed that using WeBit helps them become more effective in their roles.

By the end of 2018, WeBit was being used daily by more than 50% of our employees and 240 professional groups were active on the platform.
To date, more than

40,000

documents and more than

15,000

media files have been uploaded to WeBit by employees for employees.

Advancing women in our workforce and industry

Traditionally, our industry sector has been underrepresented by women, and we have struggled to attract and promote women over the years for a host of reasons. In 2017, we introduced a plan to deliberately increase the representation of women in our business across all divisions. We established targets by division and a corporate goal to achieve 26% of women in our workforce by 2020. (24% in 2018). Specifically, we are targeting an increase in women engineers, as well as commercial and other management roles. In 2017 - 2018, we undertook the following activities to help advance this target:

- Conducted training on gender bias and diversity for managers, human resources professionals and recruiters

- Made the language of our job advertisements more women-friendly

- Mapped roles across the company to identify pay gaps between women and men in the same role and with the same seniority and took corrective action

- Encouraged women to take part in our community programs aimed at empowering and encouraging girls and young women to study technology and science

- Celebrated International Women's Day in 2018 with a week of activities that support advancing women professionally, including lectures by inspiring women
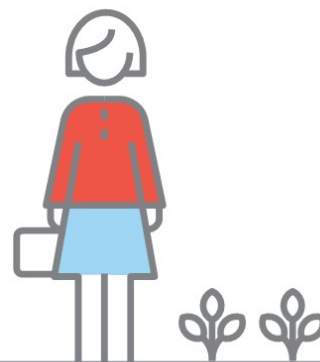
Employee health, safety and wellbeing

Protecting and enhancing lives applies both to the products we supply to our customers, as well as to our own employees. Protecting our employees through consistent attention to safety and occupational health is fundamental to the way we work. We maintain leading standards of health and safety at work, including compliance with applicable laws, regulations and best practices. We are certified to OHSAS 18001 Occupational Health and Safety Management System Standard with 13 sites certified in Israel. New employees are trained in safety procedures as part of their orientation, and we typically provide approximately four hours of dedicated safety training per employee per year. Most of our workplace injuries are minor.

In 2018, we saw a slight increase in injury rates; we continue to remain vigilant regarding safety practices and are reinforcing our communications and training to drive improvements in safety performance going forward.

In Israel in 2018, we partnered with the national ambulance service in Israel to hold a program to qualify Elbit Systems' employee volunteers as paramedics. 19 employees completed the training and attained the qualification, ready to use their skills to provide first aid or medical assistance in the workplace, at home or in their communities.

Health and wellbeing in the U.S.

In 2018, we introduced an innovative program called "Right Tribes", encouraging employees to form groups (tribes) to support social, emotional, financial or physical well-being. We believe these social networks positively affect employee engagement, happiness and purpose. Elbit Systems of America funds the Tribes' activities. Examples of "Right Tribes" established to date include: Gardening Group, Walking Clubs, Women of ESA, Personal Financial Freedom Network and the Lunchtime Fitness Group. This program has been well received by our employees in the U.S. and also won external recognition as a Blue Zones Project Approved Worksite supported by the Mayor of Fort Worth.

Injury rate per 200,000 hours worked

Year	Injury rate
2015	0.61
2016	0.73
2017	0.49
2018	0.73

Note: Data in 2017 and 2018 includes UK. Prior years include Israel, Brazil, Australia and U.S.

ELBIT SYSTEMS SUSTAINABILITY REPORT 2017-2018   37

Empowering
EMPLOYEES

FAMILY-FRIENDLY WORKPLACE

In 2018, in Israel, we took further measures to improve working flexibility to support employees who have family or other responsibilities outside work. We expanded our home working program to enable employees to report work completed at home by the hour, not only by the day, giving employees the flexibility to supplement working hours from home if they were unable to complete a full workday at the office, an advantage that is particularly relevant for parents who leave work early to collect their children from kindergarten or school. Additionally, we expanded a benefit for reduced working hours with no loss of pay for employees working in full time or certain part time roles with children up to the age of one year, significantly exceeding the national legal requirement in Israel.

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Managing our
ENVIRONMENTAL IMPACTS

We are committed to improving the environmental impacts of our operations and across our supply chain in order to both improve our efficiencies and contribute to reducing the global burden on planetary resources. Our Corporate Vice President and Chief Quality Officer oversees our corporate-wide environmental strategy, program and performance and maintains a global forum of Environmental, Health and Safety (EHS) Officers who review environmental performance and advance annual environmental targets in each operation. We uphold applicable environmental laws and regulations in all our countries of operation and are certified to ISO 14001 environment management system at 14 sites.

This report includes our performance in our four main countries of operation which comprise more than 90% of our manufacturing outputs:

Australia

3

production sites and warehouses with a total built area of 14,689 m^2

Brazil

2

production sites and warehouses with a total built area of 10,664 m^2

Israel

16

production sites including our global headquarters with a total built area of 379,695 m^2

U.S.

4

production sites, including storage, with a total built area of 78,236 m^2

In 2017 - 2018, we continued to reduce our environmental impacts across energy, greenhouse gas emissions, water consumption and waste generation on a normalized basis per person employed per 1,000 m^2 of manufacturing area. Our progress is the result of ongoing, intensive, incremental efforts throughout our operations and investments in energy-efficient equipment and process improvements. By adopting a continuous improvement approach, we are able to deliver significant improvements over time.

ELBIT SYSTEMS SUSTAINABILITY REPORT 2017-2018   39
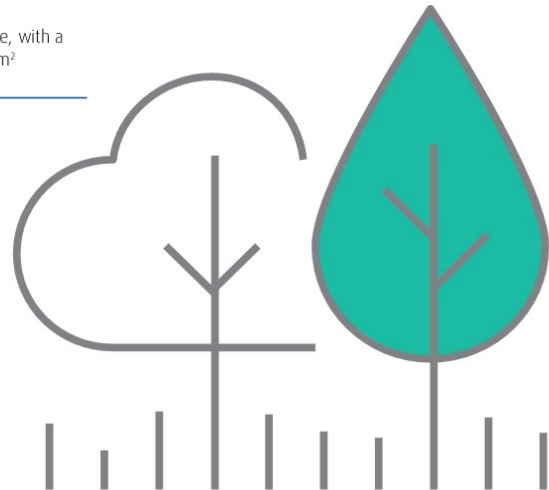
Managing our
ENVIRONMENTAL IMPACTS

We review environmental practices regularly, share learning across our global organization and engage employees throughout our operations in regular communications and activities. In many of our factories, similar processes are taking place and include:

- Improved air conditioning and lighting controls, automatic sensors and LED lighting replacements

- Use of low-emission or hybrid vehicles in our company vehicle fleets

- Proactive continuous maintenance in our manufacturing operations to achieve maximum efficiencies and minimum waste of resources

- Smart metering of water, leak monitoring and identification, process water recycling and water efficient installations in washrooms and bathrooms

- Use of HVAC excess water where possible for landscape irrigation

- Waste reduction at source, re-use of packaging materials and recycling programs for different materials.

The outcome of these efforts to date, since 2013, our baseline year, are improved efficiencies in all key metrics:

Area		Improvement since 2013
ENERGY EFFICIENCY		1%
GREENHOUSE GAS EMISSIONS EFFICIENCY		23%
WATER EFFICIENCY		18%
WASTE GENERATION EFFICIENCY		31%

Note: All results are normalized by employee by 1,000 m² operational space.

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Specifically, we were able to avoid significant greenhouse gas emissions in 2017 and 2018 in our operations in Israel, achieving a reduction of approximately 25% per year (Scope 2) due to the purchase of part of our requirements from a private electricity supplier who sources electricity based on natural gas (the national grid electricity is primarily coal-sourced).

In Israel, we maintain a large vehicle fleet of more than 3,000 passenger vehicles for use by our employees. We provide incentives to employees to select hybrid cars, and in 2018, our fleet was 45% hybrid, helping us reduce fuel consumption and greenhouse gas emissions.

GHG emissions per year (tons CO_2e)

2013	2014	2015	2016	2017	2018
124,863	119,259	118,429	117,586	88,362	86,549
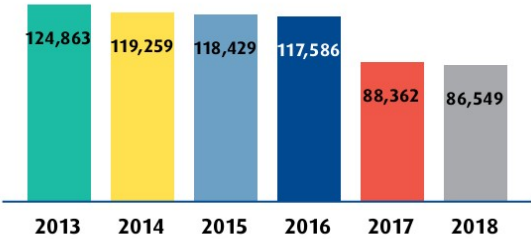
GHG emissions efficiency (tons CO_2e per employee per 1,000 m²)

2013	2014	2015	2016	2017	2018
0.021	0.021	0.021	0.018	0.016	0.016
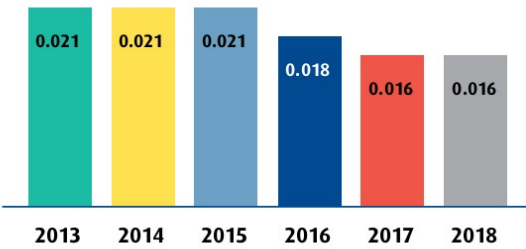
Supporting Communities and
ADVANCING TECHNOLOGY EDUCATION

We aim to support the communities in which we live and work around the world. Many of our local operations maintain programs for the benefit of our local communities and encourage our employees to volunteer to assist nonprofits in advancing social sustainability causes. Specially, our global focus is developing and securing technology skills that can prepare young people for a productive and rewarding career in our industry. With leading technology experts in our business around the world, and the passion to support the development of young people, we take an active part in helping create a cadre of future leaders for our industry.

In 2018, our global community investment, with a focus on technological education, amounted to $1.88 million, including charitable donations, in-kind donations of equipment and services, and the value of employee volunteering time. More than 4,300 employees engaged in volunteering activities around the world, contributing 19,300 hours in communities in 2018. These activities included 1,600 employees who volunteered to support "Good Deeds Day" in Israel in more than 50 community activities in 2018, and a range of other activities including distribution of food packages to the needy. In the U.S., hundreds of employees participated in Good Deeds Day at nine locations, donating food and pet supplies and volunteering at food pantries, homeless shelters and animal rights organizations across the U.S.

Encouraging technology education

We maintain several programs designed to encourage STEM education for young people to help prepare them for technology careers. Hundreds of our employees volunteer in a range of programs to enhance technological education in underserved communities, benefiting thousands of students each year.

CADET PROGRAM FOR YOUTH IN THE PERIPHERY:

In 2018, in Israel, we lent our support to a six-month pre-army program with a technology focus for underserved youth living in peripheral areas. The program aims to expose students to the many possibilities in technology and prepare them both for military service and for academic studies and future careers. In the 2018-2019 academic year, we donated funds as well as mentoring.

ADVANCING YOUTH TECHNOLOGY PROJECTS: Elbit

Systems in Israel continued its support for Taasyeda, a non-profit organization that engages youth in technology, innovation and entrepreneurship. Our employees volunteer in a range of projects and initiatives in different cities and schools in Israel, giving lectures to students, mentoring students in technology projects and hosting students in our facilities to learn about the industry.

ENCOURAGING WOMEN IN TECHNOLOGY: We support

several programs that are designed to encourage girls to become interested in technological subjects, in the hope that they pursue careers in technology and science. One such collaboration is with the Israeli nonprofits "Breaking the Glass Ceiling", and "Leading to the Technion", both promoting science studies among girls and young women. Women engineers from Elbit Systems participate in these programs, which include tours of our laboratories and factories and other field trips. Our engineers give lectures on different areas of engineering, industry and management, and share their own career experiences. Also, in 2018, we designed a new program called Babushka - a tri-generational mentoring

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program spanning a full academic year. In this program, a girl studying in a tech-engineering program in high school is paired with a female student from a tech-engineering college or university-level academic program. In turn, this student is paired with a mentor from Elbit Systems, a female engineer that supports the student through academic challenges and through her first steps in the tech industry.

STEM IN THE U.S.: In the U.S., Elbit Systems of America (ESA) once again engaged as a Gold Sponsor of the Aerospace Industries Association's Team America Rocketry Challenge which advances STEM education among school students. Teams supported by our employees at ESA went on to qualify for the final rocket fly-off of the competition in Washington D.C.

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Global Reporting Initiative
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Global Reporting Initiative – Content Index – Standard Disclosures

GRI 102: General Disclosures 2016	Disclosure	Page reference or response
102-1	Name of the organization	2
102-2	Activities, products, and services	5
102-3	Location of headquarters	6
102-4	Location of operations	2
102-5	Ownership and legal form	**
102-6	Markets served	2
102-7	Scale of the organization	6-7
102-8	Information on employees	16, 47
102-9	Supply chain	30
102-10	Significant changes	None
102-11	Precautionary Principle	*
102-12	External initiatives	47
102-13	Membership of associations	47
102-14	Statement from senior manager	4
102-16	Values, principles, standards	8-9
102-18	Governance structure	**
102-40	List of stakeholder groups	12
102-41	Collective bargaining agreements	16

* We support the precautionary approach, first introduced in the United Nations in Principle 15 of "The Rio Declaration on Environment and Development," and act to protect against environmental degradation where full scientific certainty does not exist.

** See Elbit Systems' SEC filing on form 20-F in the Investor Relations section of our website: ir.elbitsystems.com

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GRI 102: General Disclosures 2016	Disclosure	Page reference or response
102-42	Identifying and selecting stakeholders	12
102-43	Stakeholder engagement	12
102-44	Key topics and concerns raised	12
102-45	Entities included	2
102-46	Report content and topic boundaries	2
102-47	List of material topics	12
102-48	Restatements of information	None
102-49	Changes in reporting	UK is included for the first time.
102-50	Reporting period	2
102-51	Date of most recent report	2016
102-52	Reporting cycle	2
102-53	Contact point	2
102-54	Reporting in accordance with the GRI Standards	2
102-55	GRI content index	44
102-56	External assurance	2

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Global Reporting Initiative
CONTENT INDEX

Global Reporting Initiative – Content Index – Material Disclosures

Material priority	GRI Standard	Mgmt. approach -page	Specific GRI Disclosures	Page	Omissions
Homeland defense and cyber security	GRI 203: Indirect economic impacts 2016	101-1-3: 18	203-2 Indirect economic impacts	16-27	
Civilian flight safety and security					
Sustainable innovation					
Product quality and customer service	GRI 418: Customer Privacy	101-1-3: 32	418-1 Substantiated complaints about customer privacy	32	
Employee satisfaction	GRI 401: Employment	101-1-3: 33	401-1 New employee hires and turnover	50	
	GRI 404: Training and Education 2016	101-1-3: 35	404-1 Training per year per employee	16	
			404-2 Programs for upgrading employee skills	35	
			404-3 Employees receiving performance reviews	16	
Employee health and safety	GRI 403: Occupational Health and Safety 2016	101-1-3: 37	403-2 Injury and rates of injury	51	Gender breakdown not available
Resource consumption and emissions	GRI 302: Energy 2016	101-1-3: 39	302-1 Energy consumption	48	
			302-3 Energy intensity	48	
	GRI 303: Water	101-1-3: 39	303-1 Water withdrawal	48	
	GRI 305: Emissions	101-1-3: 39	305-1 Direct (Scope 1) GHG emissions	49	
			305-2 Energy indirect (Scope 2) GHG emissions	49	
			305-4 GHG emissions intensity	49	
	GRI 306: Effluents and Waste 2016	101-1-3: 39	306-2 Waste by type	49	
Ethical conduct	GRI 205: Anti-corruption 2016	101-1-3: 29	205-3 Confirmed incidents of corruption	None.	
	GRI 415: Public Policy 2016	101-1-3: 46	415-1 Political contributions	None.*	
Supplier conduct	GRI 414: Supplier Social Assessment 2016	101-1-3: 30	414-1 New suppliers screened using social criteria	14	
Advancing technology education	GRI 413: Local Communities 2016	101-1-3: 42	413-1 Operations with local community engagement	42	

*Our companies do not make donations to political or politically affiliated organizations.

102-8 Information on employees

Employees by region and gender	2015			2016			2017			2018		
	Men	Women	All	Men	Women	All	Men	Women	All	Men	Women	All
Australia	158	37	195	140	34	174	145	31	176	198	45	243
Brazil	192	63	255	192	63	255	196	66	262	177	65	242
Israel	7,065	2,004	9,069	7,213	2,101	9,314	7,485	2,236	9,721	7,429	2,305	9,734
U.S.	939	440	1,379	914	447	1,361	1,083	491	1,574	1,141	492	1,633
UK							299	84	382	294	75	369
Total	**8,354**	**2,544**	**10,898**	**8,459**	**2,645**	**11,104**	**9,208**	**2,908**	**12,115**	**9,239**	**2,982**	**12,221**

Notes:
· Represents employees in Israel, Brazil, U.S. UK and Australia - UK employees are included in 2017 and 2018 only.
· 94% of employees are in full time roles (2018)
· 84 % of employees are on permanent contracts (2018)
· 24% of employees are covered by collective bargaining agreements (2018)

102-12 External initiatives

· EcoVadis

· Business for Social Responsibility in Israel (Maala)

102-13 Membership of associations

· The International Forum of Ethical Business Conduct (IFBEC)

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GRI 302: Energy 2016

302-1 Energy consumption in gigajoules

Energy type	2013	2014	2015	2016	2017	2018
Diesel	5,594	5,198	5,620	3,340	5,258	11,550
LPG	6,631	1,879	1,390	564	647	981
Aviation Fuel	2,692	2,762	1,228	1,463	2,537	3,903
Gasoline	365,886	365,887	291,399	286,207	277,574	247,736
Total direct energy (Scope1)	380,803	375,727	299,637	291,575	286,016	264,171
Purchased electricity (Scope 2)	537,371	517,715	532,213	555,857	556,255	556,371
Total energy consumption (Scope 1+2)	918,174	893,441	831,850	847,432	842,271	820,542

302-3 Energy intensity - GJ/employee/000 m^2

Energy source	2013	2014	2015	2016	2017	2018
Scope 1	0.063	0.065	0.053	0.045	0.051	0.049
Scope 2	0.090	0.090	0.094	0.086	0.099	0.103
Total energy efficiency	0.153	0.155	0.147	0.132	0.151	0.152

GRI 303: Water

303-1 Water withdrawal

Water withdrawal in m3	2013	2014	2015	2016	2017	2018
Total water withdrawal	329,710	264,306	245,108	259,422	262,648	243,955

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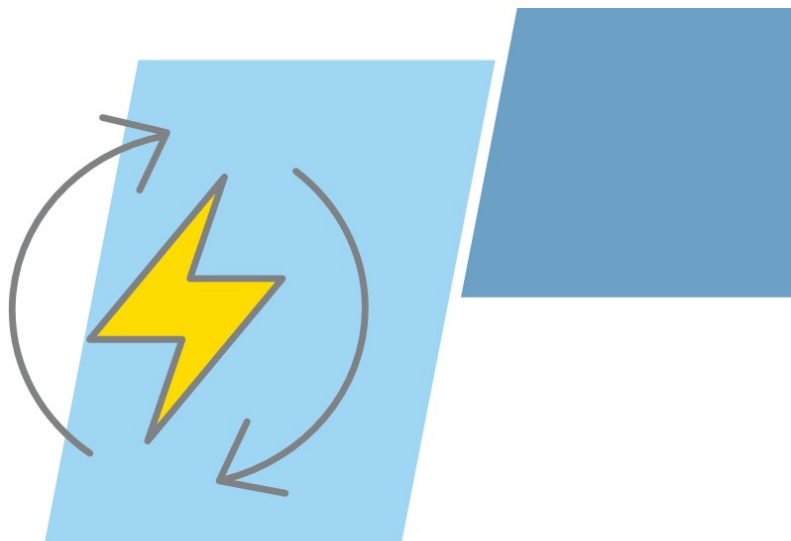
GRI 305: Emissions

305-1 Direct (Scope 1) GHG emissions

305-2 Energy indirect (Scope 2) GHG emissions

Greenhouse gas emissions in tons CO2e	2013	2014	2015	2016	2017	2018
Scope 1 emissions	26,178	25,868	20,634	20,076	19,059	17,679
Scope 2 emissions	98,685	93,391	97,796	97,510	69,303	68,870
Total greenhouse gas emissions (Scope 1 +2)	124,863	119,259	118,429	117,586	88,362	86,549

305-4 GHG emissions intensity

Greenhouse gas emissions efficiency: tons Co2e / employee / 000 m²	2013	2014	2015	2016	2017	2018
Scope 1	0.004	0.004	0.004	0.003	0.003	0.003
Scope 2	0.016	0.016	0.017	0.015	0.012	0.013
Total greenhouse gas emissions efficiency	0.021	0.021	0.021	0.018	0.016	0.016

GRI 306: Effluents and Waste

306-2 Waste by type

Total waste in tons	2013	2014	2015	2016	2017	2018
Waste to recycling	2,150	1,729	1,617	1,551	1,674	1,917
Waste to landfill	7,195	6,225	6,477	5,863	5,517	3,857
Total waste	9,645	8,136	8,379	7,585	7,332	5,976

Notes to environmental disclosures:
· Includes Elbit Systems in Israel, Brazil, U.S. and Australia. Australia was reported in 2015 for the first time.
· Direct energy includes diesel fuel, LGP, aviation fuel and gasoline.
· All water is sourced from municipality water supplies.
· GHG emissions are calculated using IEA factors, except for Israel where the national electricity company published figures are used. Greenhouse gases for CO2e are CO2, CH4 and N2O.
· A small amount of waste is classified hazardous (3% in 2018), and we dispose of this safely in accordance with applicable regulations.

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GRI 401: Employment

401-1 New employee hires and turnover

2018				
New hires - rates	**Men <30**	**Men 30-50**	**Men >50**	**Women <30**	**Total**
Australia	0.1%	0.4%	0.2%	0.0%	0.8%
Brazil	0.1%	0.1%	0.0%	0.0%	0.3%
Israel	1.6%	3.5%	0.4%	0.7%	7.4%
U.S.	0.2%	0.7%	0.7%	0.2%	2.4%
UK.	0.1%	0.2%	0.1%	0.0%	0.5%
Total	**2.1%**	**4.9%**	**1.3%**	**1.0%**	**11.4%**
Leavers - rates					
Australia	0.0%	0.1%	0.1%	0.0%	0.3%
Brazil	0.1%	0.2%	0.1%	0.0%	0.5%
Israel	0.6%	3.0%	2.0%	0.4%	7.3%
U.S.	0.2%	0.4%	0.6%	0.1%	1.7%
UK	0.0%	0.1%	0.2%	0.0%	0.4%
Total	**1.0%**	**3.8%**	**2.9%**	**0.5%**	**10.3%**

2017				
New hire rates	**Men <30**	**Men 30-50**	**Men >50**	**Women <30**	**Total**
Australia	0.0%	0.2%	0.1%	0.0%	0.3%
Brazil	0.1%	0.1%	0.0%	0.0%	0.2%
Israel	2.0%	3.4%	0.5%	0.9%	8.2%
U.S.	0.2%	0.7%	0.7%	0.1%	2.1%
UK	0.0%	0.2%	0.1%	0.0%	0.5%
Total	**2.3%**	**4.6%**	**1.4%**	**1.1%**	**11.3%**
Turnover rates					
Australia	0.0%	0.2%	0.1%	0.0%	0.3%
Brazil	0.0%	0.2%	0.0%	0.0%	0.3%
Israel	0.6%	2.8%	1.5%	0.3%	6.3%
U.S.	0.1%	0.4%	0.6%	0.1%	1.7%
UK	0.1%	0.1%	0.2%	0.0%	0.4%
Total	**0.8%**	**3.6%**	**2.3%**	**0.4%**	**9.0%**

Notes: Represents employees in Israel, Brazil, U.S. UK and Australia

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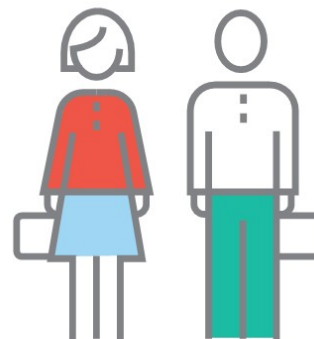
GRI 403: Occupational Health and Safety

403-2 Injury and rates of injury

Injury rate	2014	2015	2016	2017	2018
Australia	0.00	1.03	0.76	0.00	0.00
Brazil	0.41	0.39	0.00	0.31	0.62
Israel	0.63	0.66	0.62	0.57	0.81
U.S.	0.00	0.22	0.08	0.15	0.14
UK				0.00	1.47
Total	0.55	0.61	0.73	0.49	0.73

Lost day rate due to injury	2014	2015	2016	2017	2018
Australia	0.00	4.00	2.27	0.00	0.00
Brazil	6.12	0.00	0.00	2.48	4.68
Israel	7.53	6.51	5.37	10.23	10.76
U.S.	0.00	3.77	0.76	0.88	2.52
UK				0.00	2.94
Total	6.59	5.98	9.18	8.45	9.18

Notes: Rates are calculated on the basis of 200,000 hours, actually worked, for direct employees only. Gender split of injuries is not available. Injury rates for third party employees are not available. There were zero fatalities in our business in 2017 and 2018. UK data is included for the first time in 2017 and 2018.;

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