

Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT

ESG Risk Rating

ESG Risk Score

34.1

Full Update Date Mar 27, 2023

Last Update Jul 9, 2024

-2.5

Momentum

ESG Risk Rating

High Risk

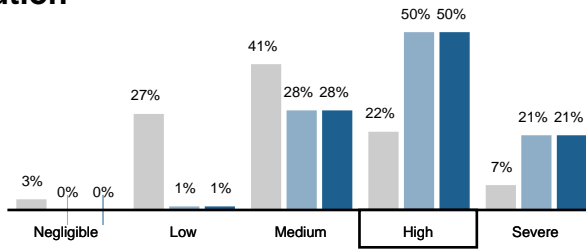


ESG Globes Rating



ESG Risk Rating Score Change Log

ESG Risk Rating Category Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK (1 st = lowest risk)	PERCENTILE (1 st = lowest risk)
Global Universe	13257/16009	83rd
Aerospace & Defense INDUSTRY	52/105	50th
Aerospace and Defence SUBINDUSTRY	52/105	50th

Peers Comparison

Peers (Market cap \$7.0 - \$9.1bn)

Peers (Market cap \$7.0 - \$9.1bn)	Exposure	Management	ESG Risk Rating
1. Aselsan Elektronik Sanayi ve Ticaret AS	55.2 High	61.2 Strong	24.1 Medium
2. Woodward, Inc.	52.2 Medium	44.3 Average	31.0 High
3. Elbit Systems Ltd.	60.9 High	48.4 Average	34.1 High
4. BWX Technologies, Inc.	54.7 Medium	40.4 Average	34.5 High
5. Leonardo DRS, Inc.	52.1 Medium	35.1 Average	35.5 High

Elbit Systems Ltd.

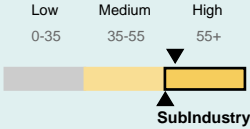
Aerospace and Defence Israel TAE:ESLT

ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. Our exposure score takes into consideration subindustry and company-specific factors such as its business model.

Exposure

60.9 **-0.9**
High Momentum
Beta = 1.09



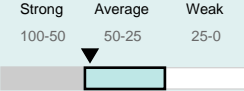
The company's business relations within its value chain drive exposure to bribery and corruption risks. Engagement in inappropriate or illicit practices tends to attract public scrutiny and can result in fines, indictment for corporate managers or executives and termination of contracts. The company's product and service portfolio, as well as its customer base triggers exposure to quality and safety issues. Types of misconduct include unsafe features, insufficient transparency and misleading marketing. The post-COP21 Paris agreement political momentum increases company exposure to regulatory risks. There is also a growing customer demand for energy-efficient solutions and more environmental information about purchased products. Companies struggling to adapt may face financial difficulties.

The company's overall exposure is high and is moderately above subindustry average. Carbon - Products and Services, Bribery and Corruption and Product Governance are notable material ESG issues.

Management refers to how well a company is managing its relevant ESG issues. Our management score assesses the robustness of a company's ESG programs, practices, and policies.

Management

48.4 **+3.6**
Average Momentum



The company's overall ESG-related disclosure is adequate but lags behind best practice, signalling moderate accountability to investors and the public. The company has set up a strong whistleblower programme and an adequate environmental policy. Furthermore, the company's ESG-related issues are overseen by the executive team, suggesting that these are integrated in core business strategy. However, available evidence indicates none of the variable components of executive remuneration is linked to sustainability performance targets.

The company's overall management of material ESG issues is average.

Elbit Systems Ltd.

Aerospace and Defence | Israel | TAE:ESLT

Material ESG Issues

ESG Issues regarded material for the company.

Issue Name	Exposure	Management	ESG Risk Rating	Contribution to ESG Risk Rating
	Score Category	Score Category	Score Category	
Product Governance	8.4 High	25.0 Average	6.3 High	18.5%
Carbon -Products and Services	6.6 Medium	14.0 Weak	6.0 High	17.7%
Bribery and Corruption	9.0 High	52.5 Strong	4.5 Medium	13.2%
Business Ethics	5.3 Medium	40.7 Average	3.2 Low	9.4%
Emissions, Effluents and Waste	4.0 Medium	36.3 Average	2.7 Low	7.9%
Data Privacy and Cybersecurity	5.3 Medium	62.5 Strong	2.6 Low	7.7%
Human Capital	5.0 Medium	50.9 Strong	2.6 Low	7.6%
Corporate Governance	7.4 Medium	70.5 Strong	2.2 Low	6.3%
Carbon -Own Operations	3.0 Low	39.4 Average	1.8 Negligible	5.3%
Human Rights -Supply Chain	2.0 Low	64.0 Strong	1.0 Negligible	2.9%
Stakeholder Governance	2.0 Low	53.5 Strong	0.9 Negligible	2.7%
Occupational Health and Safety	3.0 Low	96.0 Strong	0.3 Negligible	0.8%
Overall	60.9 High	48.4 Average	34.1 High	100.0%

Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

5 Severe (0)

4 High (0)

3 Significant (0)

2 Moderate (1)

Weapons

Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT

Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

Low (0)

None (21)

Accounting and Taxation	Anti-Competitive Practices
Bribery and Corruption	Business Ethics
Carbon Impact of Products	Corporate Governance
Data Privacy and Security	Emissions, Effluents and Waste
Employees - Human Rights - SC	Energy Use and GHG Emissions
Intellectual Property	Labour Relations
Labour Relations - SC	Lobbying and Public Policy
Marketing Practices	Occupational Health and Safety
Occupational Health and Safety - SC	Quality and Safety
Sanctions	Society - Human Rights
Society - Human Rights - SC	

Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT

ESG Risk Rating Score Change Log

Full Update
 Partial Update
 Event Update
 Methodology Update

Period: 2023 - 2024

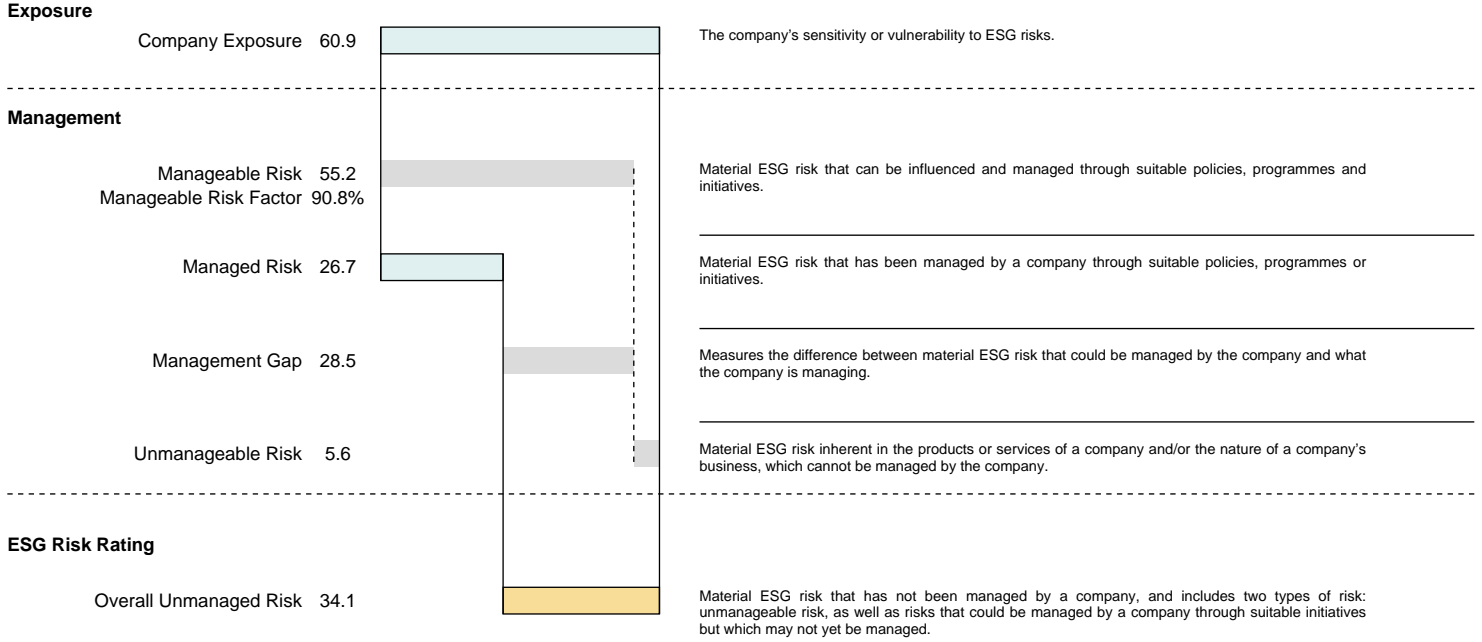


Attribute Date	Value Before Change	Value After Change	△ Change In Value	Change Trigger
2024/07/09	34.2	34.1 ↓	-0.1	Event Update
2024/05/23	36.2	34.2 ↓	-2.0	Methodology Update
2024/04/27	36.3	36.2 ↓	-0.1	Partial Update
2024/04/05	36.7	36.3 ↓	-0.4	Event Update

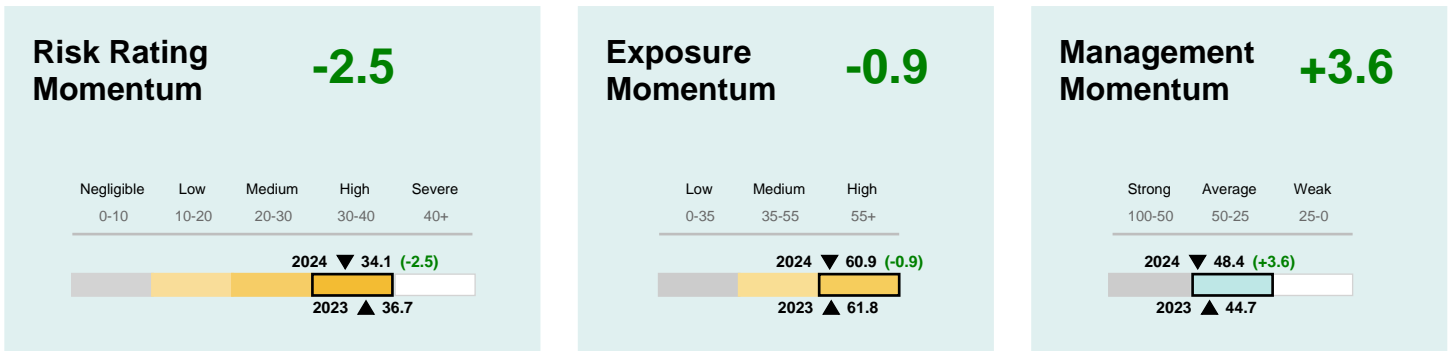
Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT

Risk Decomposition



Momentum Details



Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT

Issue

Contribution 18.5 %



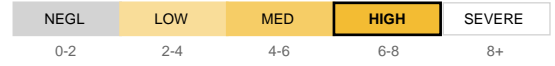
Product Governance

Product Governance encompasses a company's management of the entire lifecycle of its products and services to prevent and mitigate risks and consequences for its customers and end-users.

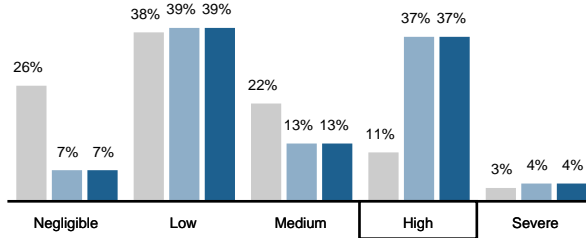
ESG Risk Rating

6.3

High Risk



ESG Risk Rating Category Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = lowest risk)
Global Universe	3396/3790	90th
Aerospace & Defence INDUSTRY	31/46	67th
Aerospace and Defence SUBINDUSTRY	31/46	67th

Peers Comparison

Peers (Market cap \$7.0 - \$9.1bn)

Peers (Market cap \$7.0 - \$9.1bn)	Exposure	Management	ESG Risk Rating
1. Aselsan Elektronik Sanayi ve Ticaret AS	7.2 Medium	75.0 Strong	1.8 Negligible
2. Woodward, Inc.	8.0 High	62.5 Strong	3.0 Low
3. Elbit Systems Ltd.	8.4 High	25.0 Average	6.3 High
4. BWX Technologies, Inc.	8.4 High	11.9 Weak	7.4 High
5. Bombardier, Inc.	8.8 High	9.4 Weak	8.0 High

Elbit Systems Ltd.

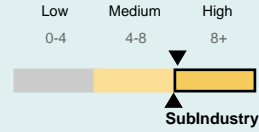
Aerospace and Defence Israel TAE:ESLT

ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. Our exposure score takes into consideration subindustry and company-specific factors such as its business model.

Exposure

8.4
High



Product quality and safety is crucial for A&D companies, which often compete on a small number of contracts and face product innovation pressure. Safety standards, especially for civil aviation products, are stringently regulated and compliance is imperative, but it does not guarantee safety as problems often occur or are discovered in the use phase. Expensive repairs, litigation and compensation claims can add up to hundreds of millions of dollars, making timely execution and a demonstration of quality and safety performance crucial for companies in the A&D subindustry.

The company's exposure to Product Governance issues is high and similar to the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	8.0
Issue Beta	x 1.05
Company Issue Exposure	8.4

Beta Indicators

Beta Signal

Marketing Practices	0.00
Quality and Safety	0.00
Operating Performance	0.00
Solvency	0.00
Financial Flexibility	0.02
Asset Performance	0.00
Headquarters Location	-0.02
Sales Location	0.05
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.05
Baseline	+1.00
Issue Beta	1.05

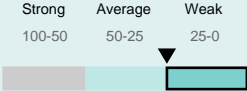
Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT

Management refers to how well a company is managing its relevant ESG issues. Our management score assesses the robustness of a company's ESG programs, practices, and policies.

Management

25.0
Average



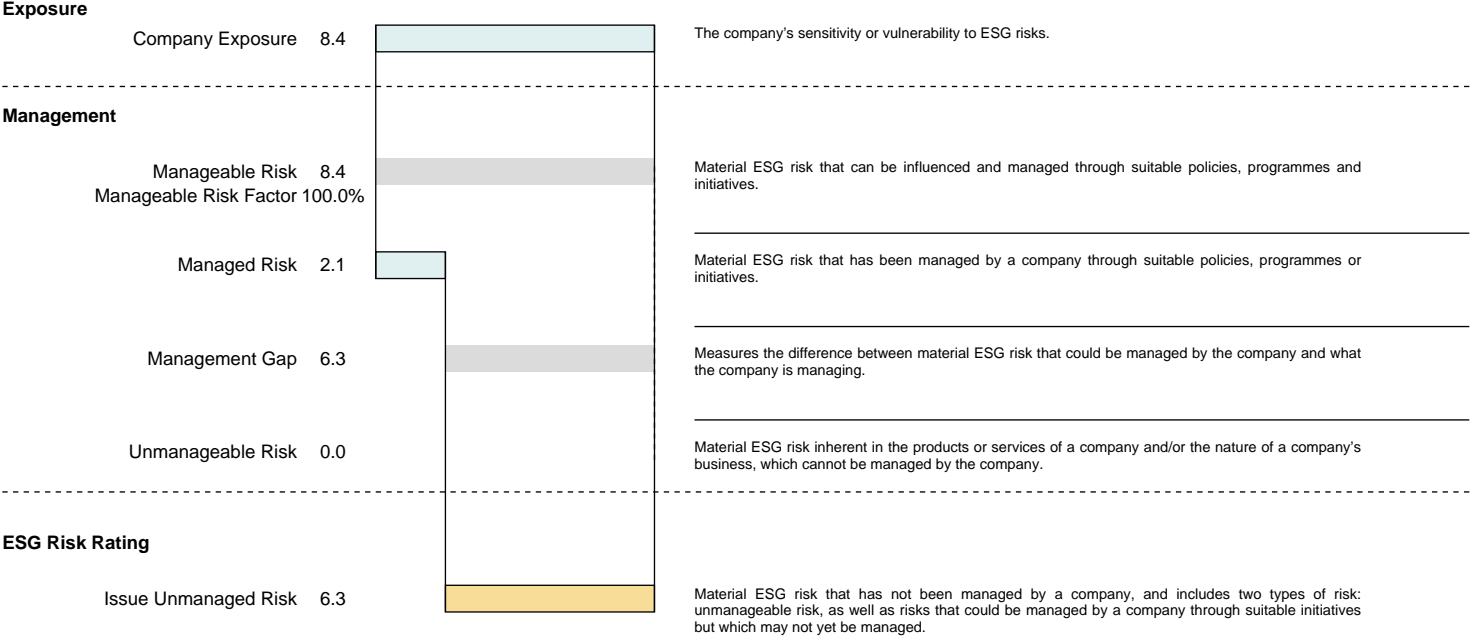
Some of the company's quality management activities have received external certification. However, the scope is unclear. The company's product and service safety programme is assessed as weak. The company has not assigned responsibility at the managerial level to oversee product and service safety risks and there is no disclosure on periodic risk assessments.
In our view, the company's management of the issue is average.

Management Indicators	Raw Score	Weight	Weighted Score
Product and Service Safety Programme	25	50.0%	12.5
QMS Certifications	25	50.0%	12.5
Marketing Practices	Category 0	0%	0.0
Quality and Safety	Category 0	0%	0.0
Weighted Sum			25.0

Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT

Risk Decomposition



Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT

Issue

Contribution 17.7 %



Carbon - Products and Services

Carbon - Products and Services encompasses a company's management of energy efficiency and greenhouse gas emissions of its products and services during their use phase, excluding carbon risks related to financial services.

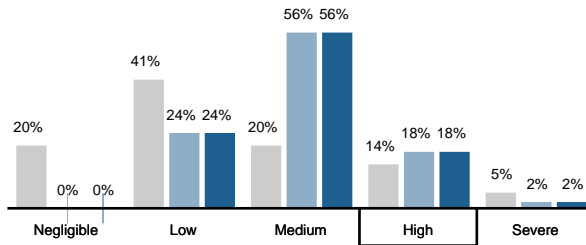
ESG Risk Rating

6.0

High Risk



ESG Risk Rating Category Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK (1 st = lowest risk)	PERCENTILE (1 st = lowest risk)
Global Universe	561/690	81 st
Aerospace & Defense INDUSTRY	38/45	84 th
Aerospace and Defence SUBINDUSTRY	38/45	84 th

Peers Comparison

Peers (Market cap \$7.0 - \$9.1bn)

Peers (Market cap \$7.0 - \$9.1bn)	Exposure	Management	ESG Risk Rating
1. Woodward, Inc.	4.5 Medium	29.0 Average	3.7 Low
2. Aselsan Elektronik Sanayi ve Ticaret AS	4.5 Medium	29.0 Average	3.7 Low
3. BWX Technologies, Inc.	4.8 Medium	29.0 Average	4.0 Low
4. Bombardier, Inc.	8.1 High	44.0 Average	6.0 Medium
5. Elbit Systems Ltd.	6.6 Medium	14.0 Weak	6.0 High

Elbit Systems Ltd.

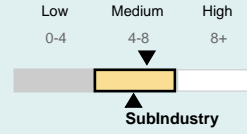
Aerospace and Defence Israel TAE:ESLT

ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. Our exposure score takes into consideration subindustry and company-specific factors such as its business model.

Exposure

6.6
Medium



Direct CO2 emissions from civil aviation currently account for about 2% of global emissions, but are the fastest-growing source of emissions, given the projected expansion of air travel. US and EU regulators, as well as the International Civil Aviation Organization (ICAO), are setting standards to gradually reduce the adverse environmental impacts of new airplanes, while commercial airlines – the primary buyers of new aircraft – have clear incentives to seek higher fuel efficiency to cut costs and improve margins.

The company's exposure to Carbon -Products and Services issues is medium and moderately above the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	6.0
Issue Beta	x 1.10
Company Issue Exposure	6.6

Beta Indicators

Beta Signal

Carbon Impact of Products	0.00
Operating Performance	0.00
Solvency	0.00
Financial Flexibility	0.02
Asset Performance	0.00
Carbon Solutions Offering	0.15
Carbon Emissions From Aerospace	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	-0.08
Exceptional Event Adjustment	0.00
Total Beta Signal	0.10
Baseline	+1.00
Issue Beta	1.10

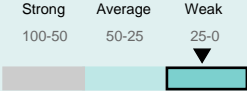
Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT


Management refers to how well a company is managing its relevant ESG issues. Our management score assesses the robustness of a company's ESG programs, practices, and policies.

Management

14.0
Weak



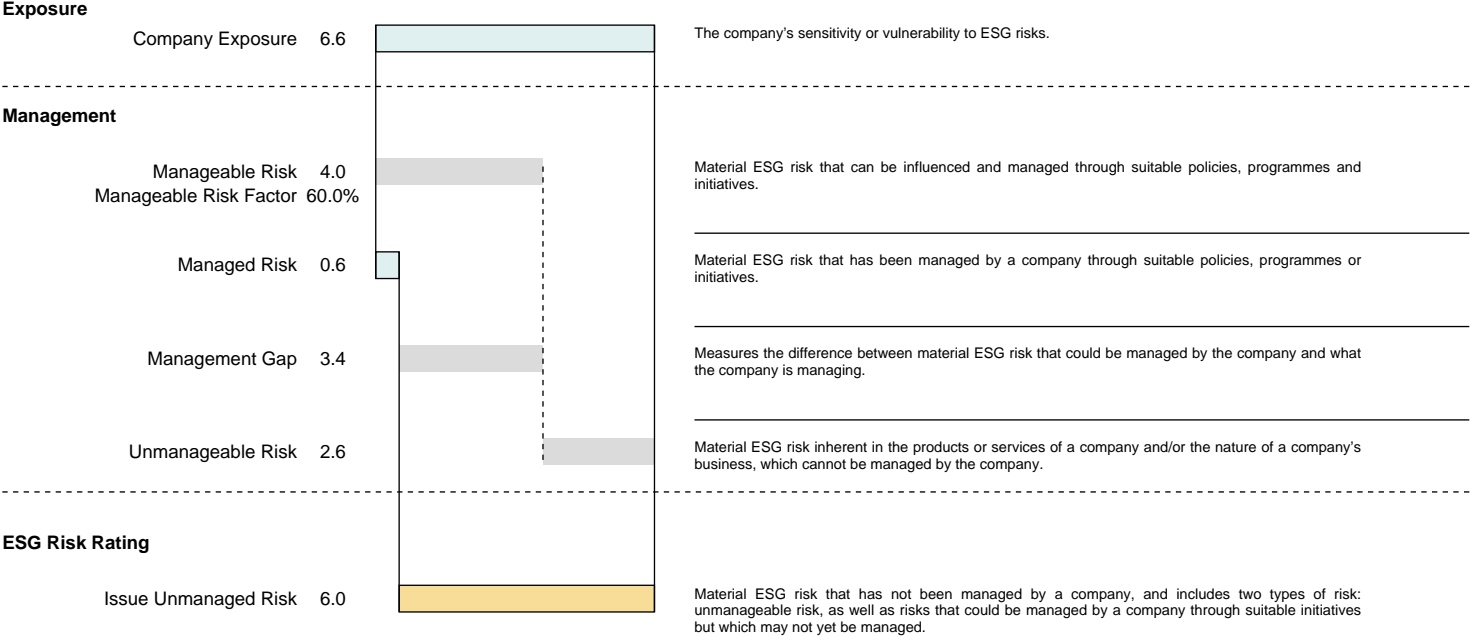
There is evidence that the company offers sustainability-related products or services but the revenues obtained from these are not disclosed. There is no evidence of environmental impact being considered at the design stage of new products. In our view, the company's management of the issue is below average.

Management Indicators	Raw Score	Weight	Weighted Score
Sustainable Products & Services	20	70.0%	14.0
Eco-Design	0	30.0%	0.0
 Carbon Impact of Products	Category 0	0%	0.0
Weighted Sum			14.0

Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT

Risk Decomposition



Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT

Issue

Contribution 13.2 %



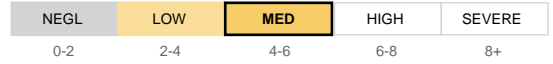
Bribery and Corruption

Bribery and Corruption focuses on the management of risks related to alleged or actual illicit payments, such as kickbacks, bribes and facilitation payments to government officers, suppliers or other business partners, as well as the receipt of those payments from suppliers or business partners. If these are not material in their own right for a subindustry, these issues are handled within MEI.4 Business Ethics.

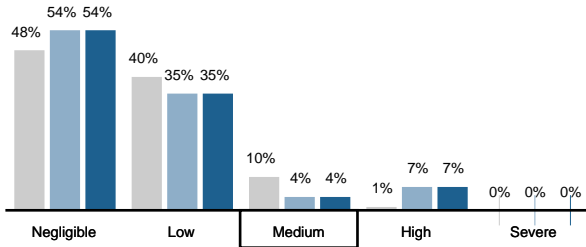
ESG Risk Rating

4.5

Medium Risk



ESG Risk Rating Category Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = lowest risk)
Global Universe	689/741	93rd
Aerospace & Defence INDUSTRY	42/46	91st
Aerospace and Defence SUBINDUSTRY	42/46	91st

Peers Comparison

Peers (Market cap \$7.0 - \$9.1bn)

Peers (Market cap \$7.0 - \$9.1bn)	Exposure	Management	ESG Risk Rating
1. Bombardier, Inc.	6.3 Medium	88.8 Strong	1.0 Negligible
2. Aselsan Elektronik Sanayi ve Ticaret AS	6.9 Medium	77.5 Strong	1.8 Negligible
3. BWX Technologies, Inc.	5.4 Medium	65.0 Strong	2.1 Low
4. Woodward, Inc.	5.1 Medium	37.5 Average	3.3 Low
5. Elbit Systems Ltd.	9.0 High	52.5 Strong	4.5 Medium

Elbit Systems Ltd.

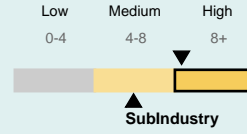
Aerospace and Defence Israel TAE:ESLT

ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. Our exposure score takes into consideration subindustry and company-specific factors such as its business model.

Exposure

9.0
High



The Aerospace & Defence industry is exposed to Bribery and Corruption risks through its close business relationship with government officials and bodies, and the competition for a limited number of high-value contracts. Investigations into corruption in the awarding of deals are common, and can result in fines and penalties, indictment and jail time for corporate managers and executives, and termination of contracts. These consequences impact companies' costs and revenues, and can also cause long-lasting reputational damage.

The company's exposure to Bribery and Corruption issues is high and significantly above the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	6.0
Issue Beta	x 1.50
Company Issue Exposure	9.0

Beta Indicators

Beta Signal

Bribery and Corruption	0.00
Operating Performance	0.00
Solvency	0.00
Financial Flexibility	0.02
Asset Performance	0.00
Regional Corruption	0.00
Qualitative Overlay	0.50
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.50
Baseline	+1.00
Issue Beta	1.50

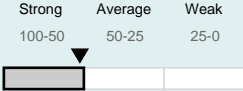
Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT

Management refers to how well a company is managing its relevant ESG issues. Our management score assesses the robustness of a company's ESG programs, practices, and policies.

Management

52.5
Strong



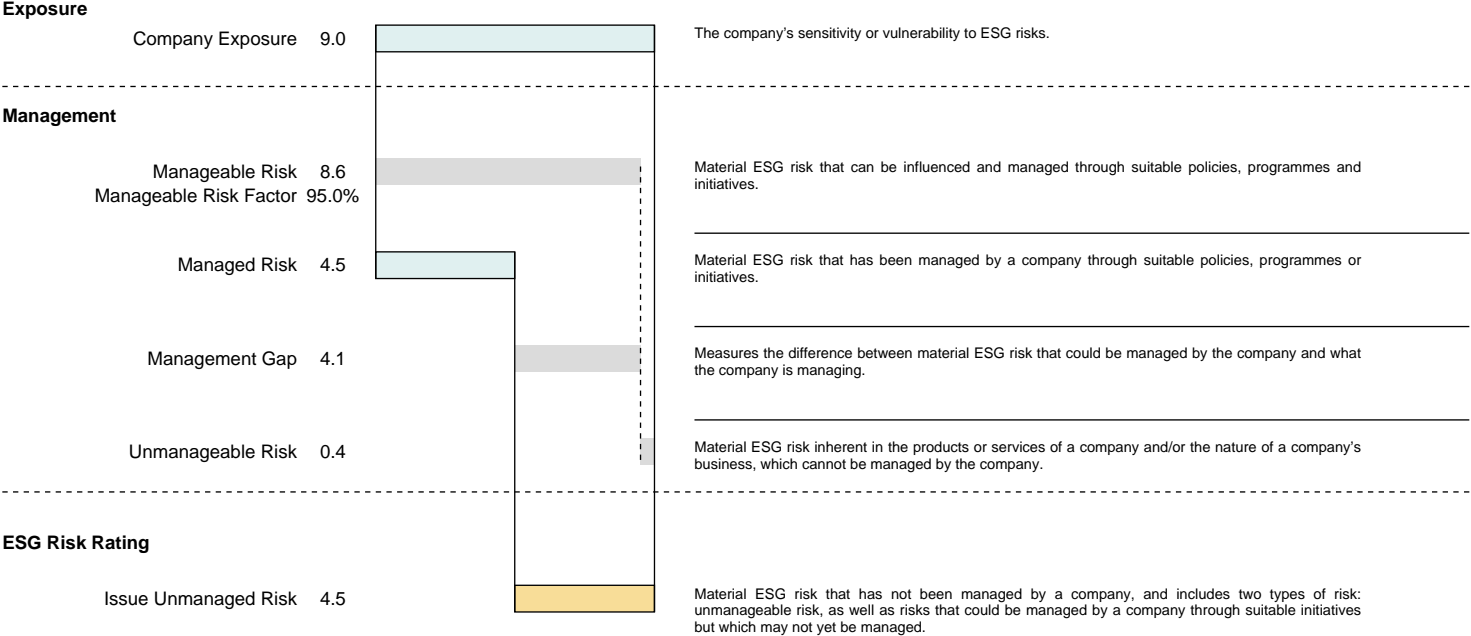
The company has set up a very strong policy addressing bribery and corruption related risks and a strong whistleblower mechanism. However, its corruption and bribery programme is considered as weak. It does not include regular risk assessments or regular training. In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Bribery & Corruption Policy	100	20.0%	20.0
Whistleblower Programmes	75	25.0%	18.8
Bribery & Corruption Programmes	25	55.0%	13.8
Bribery and Corruption	Category 0	0%	0.0
Weighted Sum			52.5

Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT

Risk Decomposition



Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT

Issue

Contribution 9.4 %



Business Ethics

Business Ethics encompasses business practices that may be legal or illegal, and result in a financial benefit to an individual specifically or a company while having a negative impact on society or other company stakeholders.

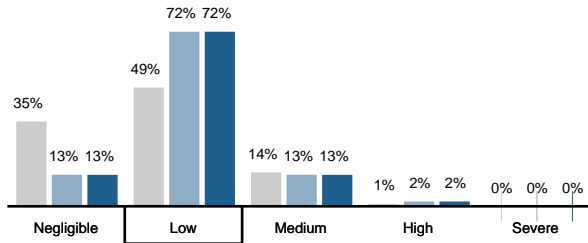
ESG Risk Rating

3.2

Low Risk



ESG Risk Rating Category Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK (1 st = lowest risk)	PERCENTILE (1 st = lowest risk)
Global Universe	3046/4338	71 st
Aerospace & Defence INDUSTRY	30/46	65 th
Aerospace and Defence SUBINDUSTRY	30/46	65 th

Peers Comparison

Peers (Market cap \$7.0 - \$9.1bn)

Peers (Market cap \$7.0 - \$9.1bn)	Exposure	Management	ESG Risk Rating
1. Woodward, Inc.	4.8 Medium	52.7 Strong	2.4 Low
2. Aselsan Elektronik Sanayi ve Ticaret AS	5.0 Medium	48.0 Average	2.7 Low
3. Bombardier, Inc.	5.3 Medium	50.1 Strong	2.8 Low
4. BWX Technologies, Inc.	5.0 Medium	46.5 Average	2.8 Low
5. Elbit Systems Ltd.	5.3 Medium	40.7 Average	3.2 Low

Elbit Systems Ltd.

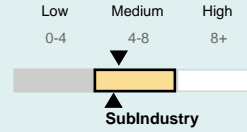
Aerospace and Defence Israel TAE:ESLT

ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. Our exposure score takes into consideration subindustry and company-specific factors such as its business model.

Exposure

5.3
Medium



Companies in the Aerospace and Defence subindustry tend to have close business relationships with government officials and bodies, and face high barriers to entry and relatively few players bidding for a limited number of high-value contracts. The subindustry's oligopolistic characteristics increase the risk of bid-rigging, anti-competitive practices and abuse of market dominance. Furthermore, companies tend to rely on public procurement, and the opaque nature and high value of deals can create opportunities for companies to resort to improper practices to secure contracts, particularly in regions with high levels of corruption. Aggressive lobbying, partial or full government ownership of some companies in the subindustry, and conflicts of interest can also contribute to corruption and result in indictments and prison time for executives, termination of contracts, and fines and penalties amounting to hundreds of millions of dollars. Companies can also be subject to patent and intellectual property litigation, due to the sophistication of products. Additionally, the long and complex development cycle of new products and contract duration can be used to misrepresent a company's financial situation in its accounting filings. Meanwhile, sales of weapons, military equipment and sensitive technologies are particularly scrutinized in the context of international sanctions, embargoes and export control regulations. Provisions aim to minimize the risk of human rights abuses, and promote regional and international peace, security and stability. The level of scrutiny and enforcement varies by region, with companies involved in selling controversial weapons or with concentrated military exports facing greater attention. Shortcomings in due diligence have triggered significant fines and restrictions on arms deliveries. Best practice includes robust internal compliance systems, transparent disclosure of corruption risks and management, and regular regulatory training of employees.

The company's exposure to Business Ethics issues is medium and similar to the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	5.0
Issue Beta	x 1.05
Company Issue Exposure	5.3

Beta Indicators

Beta Signal

Accounting and Taxation	0.00
Anti-Competitive Practices	0.00
Business Ethics	0.00
Intellectual Property	0.00
Lobbying and Public Policy	0.00
Sanctions	0.00
Weapons	0.02
Society - Human Rights	0.00
Operating Performance	0.00
Solvency	0.00
Financial Flexibility	0.02
Asset Performance	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00

Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT

ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. Our exposure score takes into consideration subindustry and company-specific factors such as its business model.

Beta Indicators	Beta Signal
Exceptional Event Adjustment	0.00
Total Beta Signal	0.05
Baseline	+1.00
Issue Beta	1.05

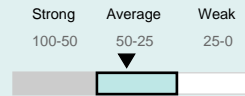
Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT

Management refers to how well a company is managing its relevant ESG issues. Our management score assesses the robustness of a company's ESG programs, practices, and policies.

Management

40.7
Average



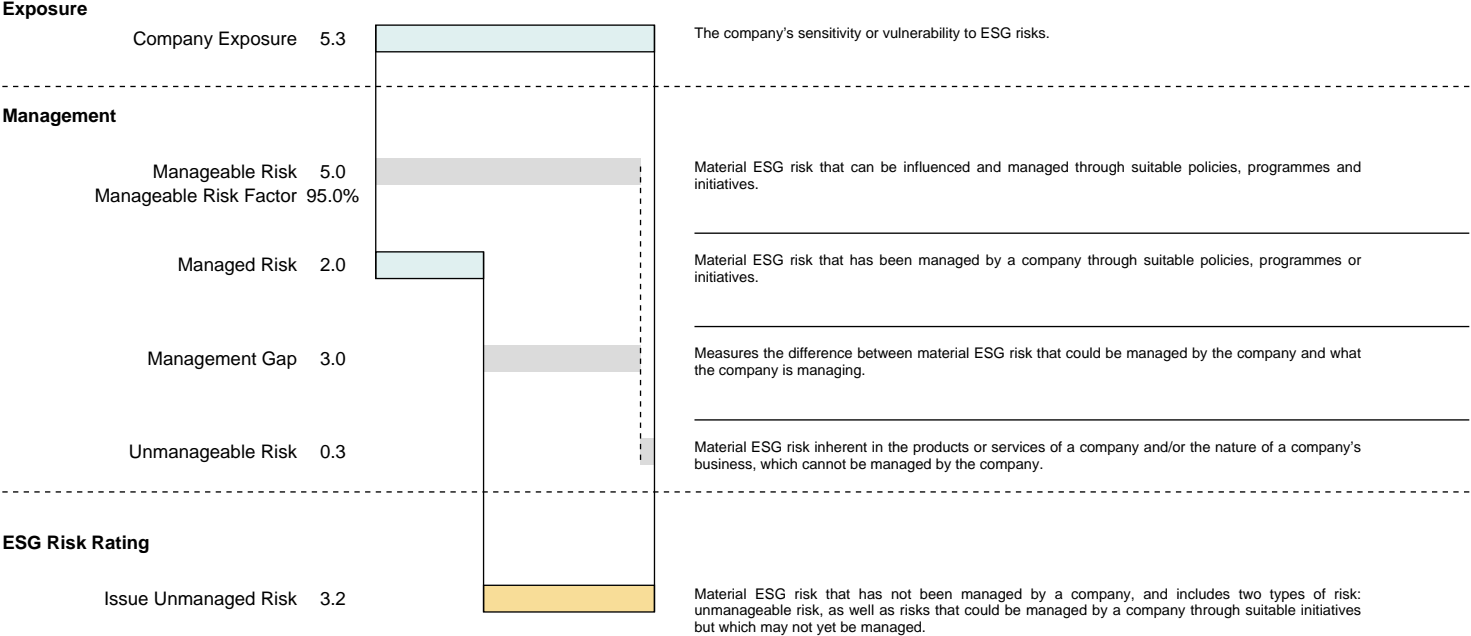
The company has average preparedness measures to address Business Ethics issues and has been implicated in minor controversies related to the issue. In our view, the company's management of the issue is average.

Management Indicators	Raw Score	Weight	Weighted Score
Political Involvement Policy	100	9.0%	9.0
Whistleblower Programmes	75	9.0%	6.7
Business Ethics Programme	50	31.5%	15.8
Human Rights Policy	40	9.0%	3.6
Human Rights Programme	25	22.5%	5.6
Lobbying and Political Expenses	0	9.0%	0.0
Weapons	Category 2	10%	0.0
Accounting and Taxation	Category 0	0%	0.0
Anti-Competitive Practices	Category 0	0%	0.0
Business Ethics	Category 0	0%	0.0
Intellectual Property	Category 0	0%	0.0
Lobbying and Public Policy	Category 0	0%	0.0
Sanctions	Category 0	0%	0.0
Society - Human Rights	Category 0	0%	0.0
Weighted Sum			40.7

Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT

Risk Decomposition



Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT

Issue

Contribution 7.9 %



Emissions, Effluents and Waste

Emissions Effluents and Waste encompasses a company's practices to minimize non-greenhouse gas emissions, waste and wastewater discharges across its operations, as well as its preparedness and response measures for potential pollution emergencies.

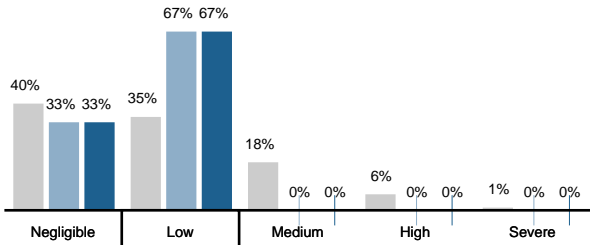
ESG Risk Rating

2.7

Low Risk



ESG Risk Rating Category Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK (1 st = lowest risk)	PERCENTILE (1 st = lowest risk)
Global Universe	1025/1886	55th
Aerospace & Defense INDUSTRY	31/45	69th
Aerospace and Defence SUBINDUSTRY	31/45	69th

Peers Comparison

Peers (Market cap \$7.0 - \$9.1bn)	Exposure	Management	ESG Risk Rating
1. Aselsan Elektronik Sanayi ve Ticaret AS	4.2 Medium	96.4 Strong	0.6 Negligible
2. Bombardier, Inc.	4.2 Medium	96.4 Strong	0.6 Negligible
3. Woodward, Inc.	3.8 Low	60.7 Strong	1.7 Negligible
4. Elbit Systems Ltd.	4.0 Medium	36.3 Average	2.7 Low
5. BWX Technologies, Inc.	4.0 Medium	33.4 Average	2.8 Low

Elbit Systems Ltd.

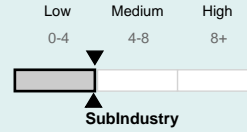
Aerospace and Defence | Israel | TAE:ESLT

ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. Our exposure score takes into consideration subindustry and company-specific factors such as its business model.

Exposure

4.0
Medium



Production processes in the A&D industry involve the use of various regulated chemicals as well as hazardous and toxic substances. These must be handled and disposed of in compliance with (and possibly beyond) laws and regulations to prevent adverse impacts and minimize risks. Companies handling nuclear material are exposed to high safety risks and public concern over radioactive waste. There have been several cases of excessive emissions and discharges, leakages and improper handling, which have resulted in the contamination of air, soil and groundwater, with long-lasting effects on human health and ecosystems. Authorities have carried out inspections, issued fines and mandated improvements in processes and pollution controls. Residents of communities affected by polluted sites have sued subindustry companies; total expenditures to resolve these cases range from tens of millions to several hundred millions of dollars. Most A&D companies are based in developed countries, where environmental protection laws are stricter, and companies face more exposure to regulatory scrutiny. Notably, the US Superfund legislation can mandate and enforce remediation activities, which can add up to hundreds of millions of dollars for affected companies. In terms of best practice, prompt and effective action in the case of incidents is fundamental to mitigating consequences and preventing an escalation of disputes with communities and regulators. However, companies may be given a number of years to implement necessary upgrades and perform clean-ups. In addition, certified environmental management systems help to ensure continuous compliance, which remains generally a prerequisite for maintaining the licence to operate.

The company's exposure to Emissions, Effluents and Waste issues is medium and similar to the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	4.0
Issue Beta	x 1.00
Company Issue Exposure	4.0

Beta Indicators

Beta Signal

Emissions, Effluents and Waste	0.00
Operating Performance	0.00
Solvency	0.00
Financial Flexibility	0.02
Asset Performance	0.00
Headquarters Location	-0.02
Assets Location	-0.05
Qualitative Overlay	0.00
Subindustry Correction Factor	0.06
Exceptional Event Adjustment	0.00
Total Beta Signal	0.00
Baseline	+1.00
Issue Beta	1.00

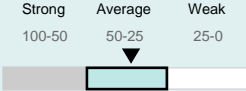
Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT

Management refers to how well a company is managing its relevant ESG issues. Our management score assesses the robustness of a company's ESG programs, practices, and policies.

Management

36.3
Average



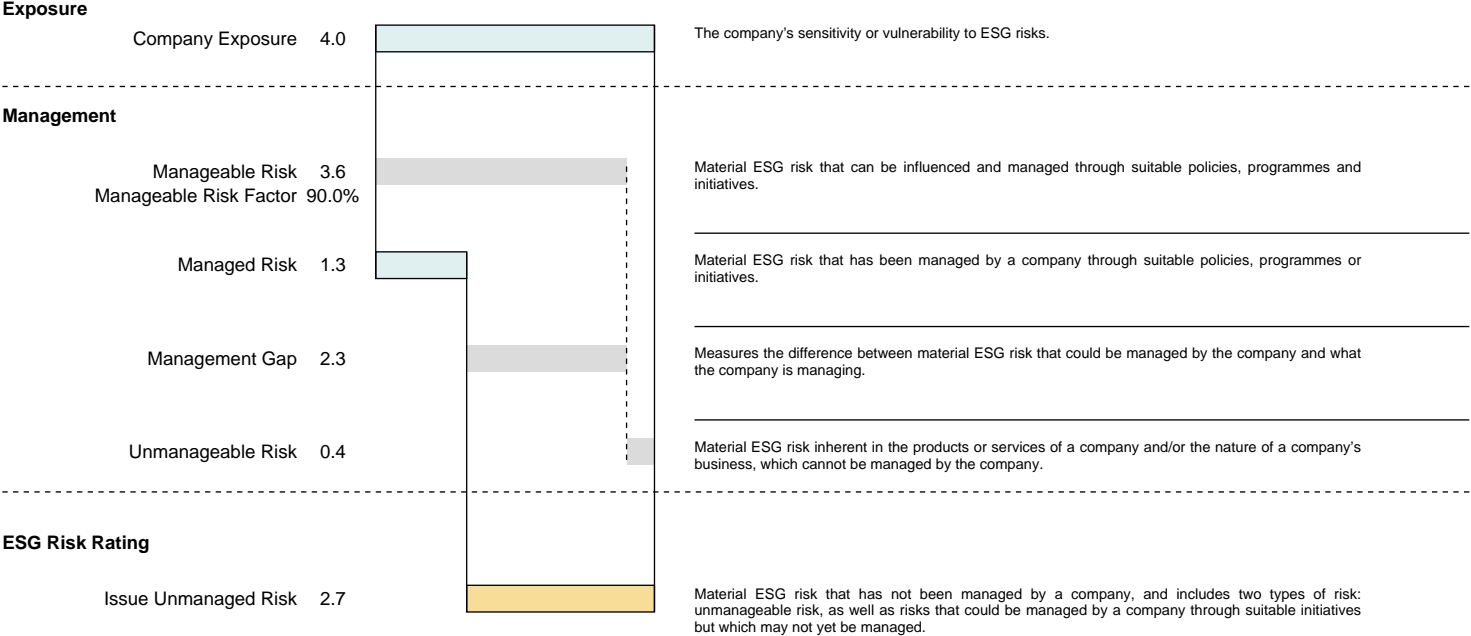
In our view, the company's management of the issue is average.

Management Indicators	Raw Score	Weight	Weighted Score
Environmental Management System	100	15.0%	15.0
EMS Certification	75	10.0%	7.5
Environmental Policy	50	10.0%	5.0
Hazardous Waste Management	25	35.0%	8.8
Radioactive Waste Management	0	30.0%	0.0
Emissions, Effluents and Waste	Category 0	0%	0.0
Weighted Sum			36.3

Elbit Systems Ltd.


Aerospace and Defence Israel TAE:ESLT

Risk Decomposition



Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT

Issue  **Data Privacy and Cybersecurity**

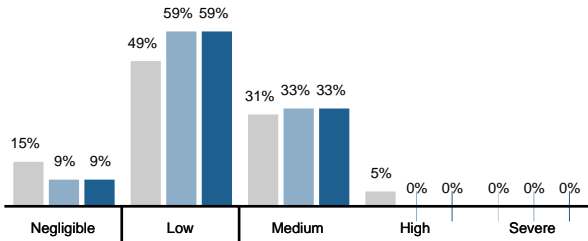
Contribution 7.7 %

Data Privacy and Cybersecurity covers a company's data governance practices, including the collection, use, management and protection of data, to ensure compliance with regulations, safeguard against breaches and address ethical concerns on data use.

ESG Risk Rating 2.6 Low Risk

NEGL	LOW	MED	HIGH	SEVERE
0-2	2-4	4-6	6-8	8+

ESG Risk Rating Category Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK <small>(1st = lowest risk)</small>	PERCENTILE <small>(1st = lowest risk)</small>
Global Universe	525/1944	28th
Aerospace & Defense <small>INDUSTRY</small>	11/46	23rd
Aerospace and Defence <small>SUBINDUSTRY</small>	11/46	23rd

Peers Comparison

Peers (Market cap \$7.0 - \$9.1bn)	Exposure	Management	ESG Risk Rating
1. Aselsan Elektronik Sanayi ve Ticaret AS	4.5 Medium	75.0 Strong	1.8 Negligible
2. Elbit Systems Ltd.	5.3 Medium	62.5 Strong	2.6 Low
3. Bombardier, Inc.	5.3 Medium	51.3 Strong	3.1 Low
4. BWX Technologies, Inc.	5.0 Medium	25.0 Weak	4.0 Medium
5. Woodward, Inc.	5.0 Medium	16.3 Weak	4.4 Medium

Elbit Systems Ltd.

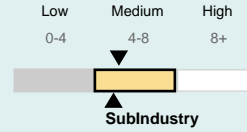
Aerospace and Defence Israel TAE:ESLT

ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. Our exposure score takes into consideration subindustry and company-specific factors such as its business model.

Exposure

5.3
Medium



The industry is under increasing pressure to secure highly sensitive data from espionage attempts. Companies frequently deal with restricted commercial information and, most importantly, with classified data from government customers. Aerospace & Defence companies are among the largest government contractors and are entrusted with managing, storing and processing highly confidential information, such as army and intelligence personnel records, weapons designs and capabilities, military technology and equipment used in war zones. Cyberattacks have resulted in data breaches and leaks of confidential documents, which can have serious consequences on national security matters, and impact companies' costs and operations. The growing and evolving threats render cybersecurity a key topic in the industry and an important business growth area that has been identified by industry analysts and corporate executives. Many A&D companies have business units or divisions that provide IT services, particularly for government customers; military contractors are particularly well positioned to serve cybersecurity needs. Regulators are taking action on cybersecurity; for example, the US Department of Defence now requires stricter measures for protection of classified and unclassified information. Under the new rules, defence contractors will have to report cybersecurity breaches and give the Pentagon access to their networks to investigate attacks, or face substantial penalties. As global threats intensify, similar requirements are likely to be established in other countries too. This trend will require companies to invest large sums in IT infrastructure, personnel and compliance systems, as well as in R&D efforts to stay on top of evolving customer demands. Best practice includes appointing ad-hoc structures and senior managers to oversee cybersecurity issues, training employees on an ongoing basis, conducting frequent audits and risk assessments to ensure that attacks or intrusions do not go undetected for long periods, and establishing clear communication lines to effectively tackle issues as they emerge.

The company's exposure to Data Privacy and Cybersecurity issues is medium and similar to the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	5.0
Issue Beta	x 1.05
Company Issue Exposure	5.3

Beta Indicators

Beta Signal

Data Privacy and Security	0.00
Operating Performance	0.00
Solvency	0.00
Financial Flexibility	0.02
Asset Performance	0.00
Headquarters Location	-0.02
Sales Location	0.05
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.05
Baseline	+1.00
Issue Beta	1.05

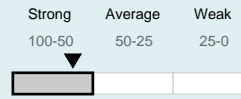
Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT


Management refers to how well a company is managing its relevant ESG issues. Our management score assesses the robustness of a company's ESG programs, practices, and policies.

Management

62.5
Strong



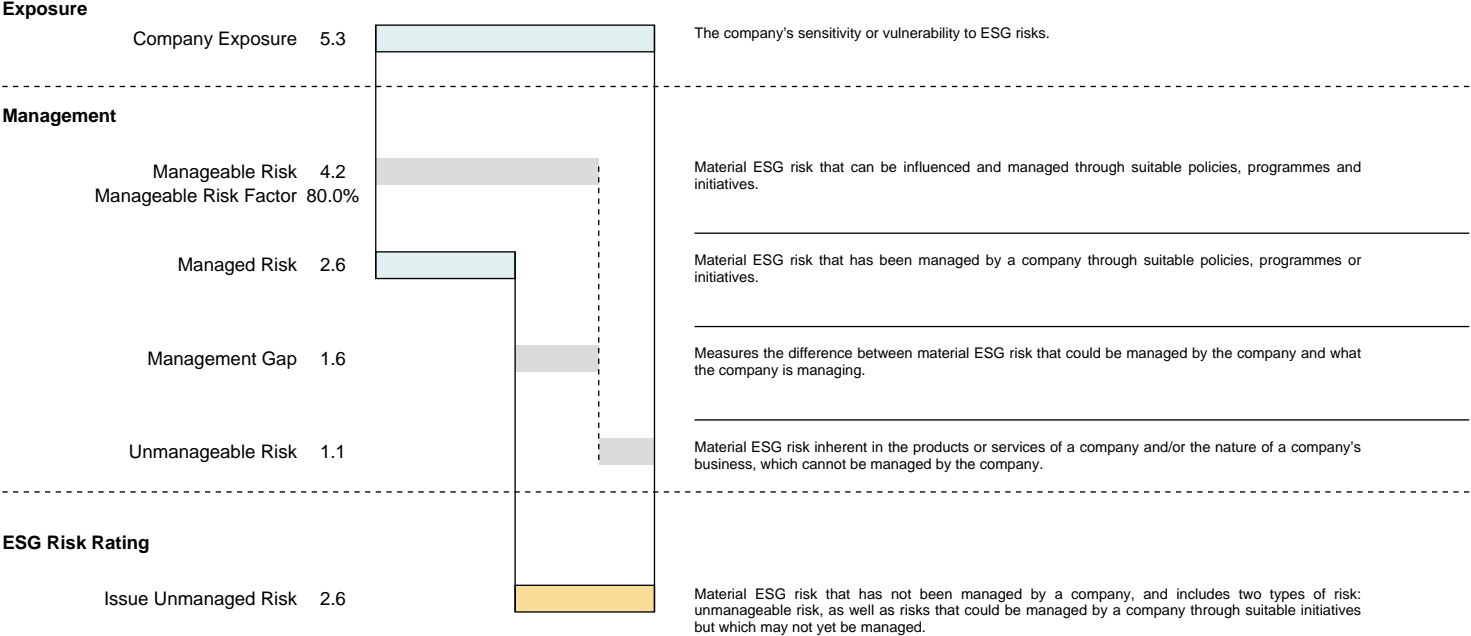
In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Cybersecurity Programme	100	50.0%	50.0
Data Privacy Policy	25	15.0%	3.7
Data Privacy Programme	25	35.0%	8.8
 Data Privacy and Security	Category 0	0%	0.0
Weighted Sum			62.5

Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT

Risk Decomposition



Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT

Issue

Contribution 7.6 %



Human Capital

Human Capital encompasses a company's management of its human resources, from acquiring and retaining top talent, to providing advancement opportunities in a diverse and equal work environment, and adopting an inclusive corporate culture.

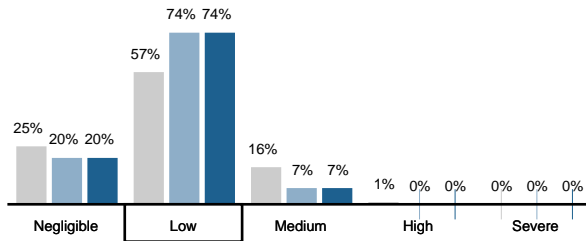
ESG Risk Rating

2.6

Low Risk



ESG Risk Rating Category Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = lowest risk)
Global Universe	1995/4415	46th
Aerospace & Defence INDUSTRY	18/46	38th
Aerospace and Defence SUBINDUSTRY	18/46	38th

Peers Comparison

Peers (Market cap \$7.0 - \$9.1bn)

Peers (Market cap \$7.0 - \$9.1bn)	Exposure	Management	ESG Risk Rating
1. Aselsan Elektronik Sanayi ve Ticaret AS	4.8 Medium	55.0 Strong	2.3 Low
2. Elbit Systems Ltd.	5.0 Medium	50.9 Strong	2.6 Low
3. Bombardier, Inc.	5.3 Medium	53.3 Strong	2.6 Low
4. BWX Technologies, Inc.	5.0 Medium	35.9 Average	3.3 Low
5. Woodward, Inc.	4.8 Medium	29.6 Average	3.4 Low

Elbit Systems Ltd.

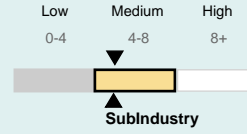
Aerospace and Defence | Israel | TAE:ESLT

ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. Our exposure score takes into consideration subindustry and company-specific factors such as its business model.

Exposure

5.0
Medium



Aerospace and Defence companies rely on both highly trained employees in the product design phase and on factory workers in production lines. Labour requirements are shifting rapidly as manufacturing techniques evolve and products become increasingly sophisticated. Product innovation and the technological content to meet evolving customer demands make it essential for companies to attract, retain and develop a wide pool of talent to remain competitive. Companies employ different types of engineers (aerospace, nuclear, electrical, mechanical, computer and systems), technicians and controllers, and 3D specialists, as well as various administrative and managerial roles. Personnel also need to be trained and remain up to date with compliance requirements related to safety, environmental protection and export controls, for example. Companies' risk exposure to Human Capital issues depends mainly on product portfolios, and the locations of production plants and R&D centres. Furthermore, A&D companies are large employers in a labour-intensive and moderately unionized industry. Strong industrial relations with employees remain fundamentally important in maintaining morale and productivity. Demand for higher wages and lawsuits over discrimination or wrongful termination are not uncommon. Efforts to increase the proportion of women and under-represented minorities in the workforce have so far not yielded strong results. Moreover, there has been litigation over mismanagement of retirement plans and medical insurance in the US, where these are an integral part of workers' compensation, with settlements surpassing USD 50 million. Global competition, cost-cutting measures and automation have resulted in restructuring and layoffs, triggering some labour disputes that have resulted in operational disruptions and delays. Companies are challenged to manage and balance budget cuts while needing to guarantee future capacity and tackle anticipated difficulties in hiring specialized workers, filling vacancies and increasing diversity. They may also find themselves increasingly competing with other high-tech industries to attract talent. Companies with strong human capital development and diversity programmes may be better placed to retain key personnel and stimulate high performance.

The company's exposure to Human Capital issues is medium and similar to the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	5.0
Issue Beta	x 1.00
Company Issue Exposure	5.0

Beta Indicators

Beta Signal

Labour Relations	0.00
Operating Performance	0.00
Solvency	0.00
Financial Flexibility	0.02
Asset Performance	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.00
Baseline	+1.00
Issue Beta	1.00

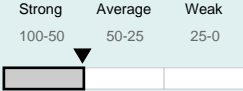
Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT


Management refers to how well a company is managing its relevant ESG issues. Our management score assesses the robustness of a company's ESG programs, practices, and policies.

Management

50.9
Strong



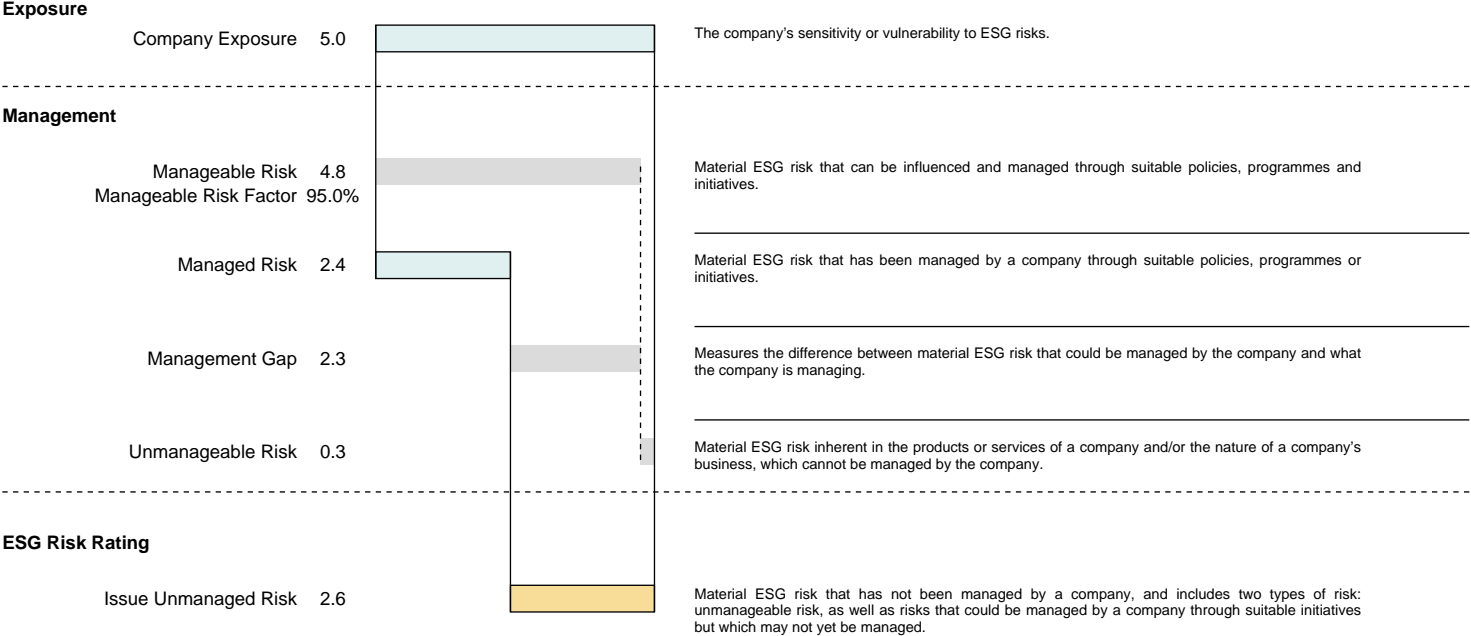
In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Human Capital Development	75	32.5%	24.4
Collective Bargaining Agreements	50	17.5%	8.7
Diversity Programmes	50	12.5%	6.2
Employee Turnover Rate	50	17.5%	8.7
Discrimination Policy	25	5.0%	1.3
Freedom of Association Policy	20	7.5%	1.5
Employee Training	0	7.5%	0.0
 Labour Relations	Category 0	0%	0.0
Weighted Sum			50.9

Elbit Systems Ltd.


Aerospace and Defence Israel TAE:ESLT

Risk Decomposition



Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT

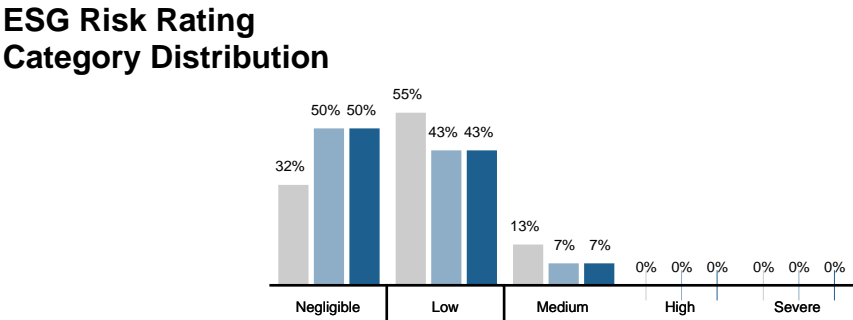
Issue  **Corporate Governance**

Contribution 6.3 %

Corporate Governance encompasses the mechanisms, processes and policies by which a company is managed and overseen to ensure its ability to mitigate risks, increase long-term value creation and safeguard its reputation.

ESG Risk Rating 2.2 Low Risk

NEGL	LOW	MED	HIGH	SEVERE
0-2	2-4	4-6	6-8	8+



ESG Risk Rating Ranking

UNIVERSE	RANK <small>(1st = lowest risk)</small>	PERCENTILE <small>(1st = lowest risk)</small>
Global Universe	1559/4247	37th
Aerospace & Defence INDUSTRY	27/46	58th
Aerospace and Defence SUBINDUSTRY	27/46	58th

Peers Comparison

Peers (Market cap \$7.0 - \$9.1bn)	Exposure	Management	ESG Risk Rating
1. BWX Technologies, Inc.	6.7 Medium	83.2 Strong	1.1 Negligible
2. Bombardier, Inc.	7.4 Medium	72.8 Strong	2.0 Negligible
3. Elbit Systems Ltd.	7.4 Medium	70.5 Strong	2.2 Low
4. Woodward, Inc.	6.7 Medium	64.5 Strong	2.4 Low
5. Aselsan Elektronik Sanayi ve Ticaret AS	8.1 High	33.0 Average	5.4 Medium

Elbit Systems Ltd.

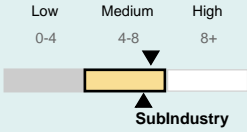
Aerospace and Defence | Israel | TAE:ESLT

ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. Our exposure score takes into consideration subindustry and company-specific factors such as its business model.

Exposure

7.4
Medium



Corporate Governance has risen in prominence over the past 20 years, following a series of high-profile company failures throughout the world. These failures have resulted in value destruction through record fines, bankruptcies, or the dilution of existing shareholder equity. As a result, stricter standards on company disclosure and practices have emerged among institutional investors, stock exchanges, regulators, and other market actors. In practice, Corporate Governance focuses on issues such as board and committee composition, audit, shareholder voting rights, risk oversight and executive remuneration. Shortcomings in any one of these areas may signal increased risk for shareholders (especially minority shareholders) and other stakeholders. This growing emphasis on governance has led to the adoption of frameworks and guidelines designed to enhance transparency, ensure accountability, and protect the interests of all stakeholders. Enhanced governance practices can not only mitigate risks but also contribute to companies' sustainable growth and long-term value creation.

The company's exposure to Corporate Governance issues is medium and similar to the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	7.0
Issue Beta	x 1.05
Company Issue Exposure	7.4

Beta Indicators

Beta Signal

Largest Shareholder Voting Power	0.07
Corporate Governance	0.00
Qualitative Overlay	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.05
Baseline	+1.00
Issue Beta	1.05

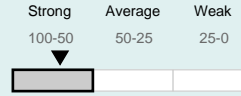
Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT


Management refers to how well a company is managing its relevant ESG issues. Our management score assesses the robustness of a company's ESG programs, practices, and policies.

Management

70.5
Strong



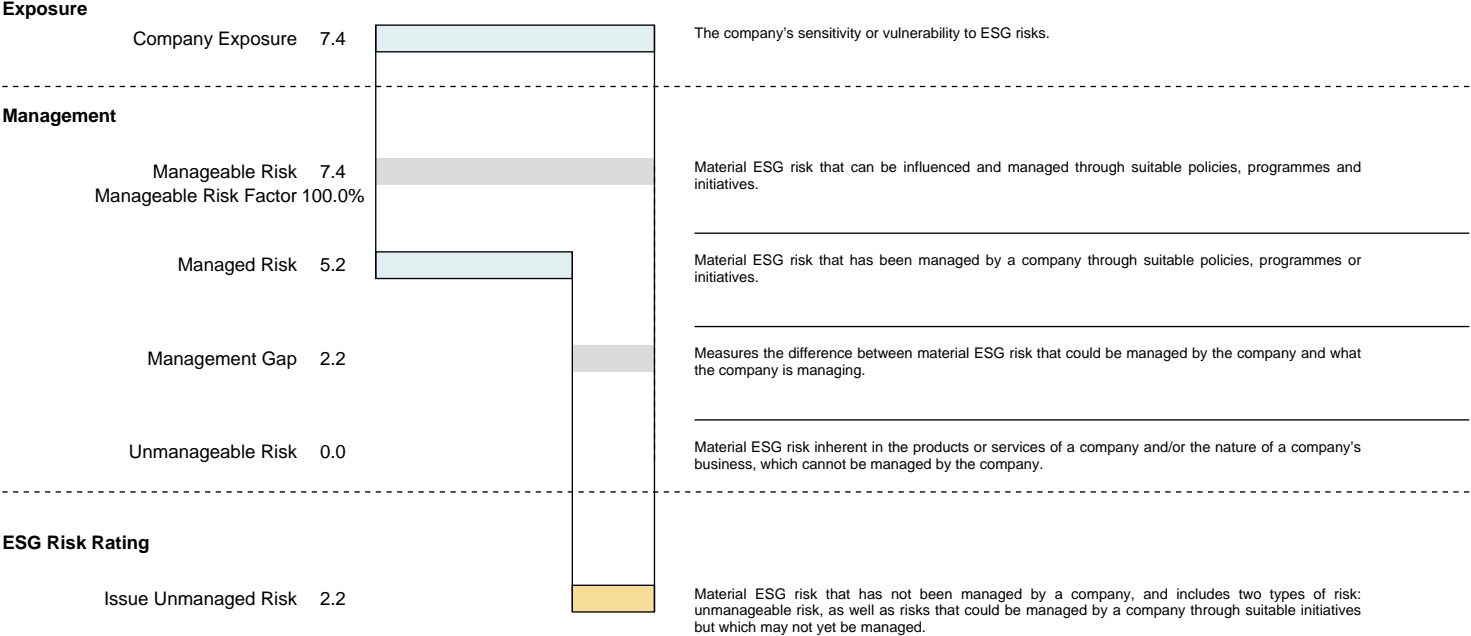
In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Audit Committee Independence	100	7.0%	7.0
Board Committee Structure	100	6.0%	6.0
Board Executive Experience	100	5.0%	5.0
CEO Pay Magnitude (Industry)	100	2.0%	2.0
Executive Compensation Clawback	100	3.0%	3.0
Nominating Committee Independence	100	6.0%	6.0
Remuneration Committee Independence	100	6.0%	6.0
Voting Proportionality	100	10.0%	10.0
Board Effectiveness	75	6.0%	4.5
Board Gender Representation Target	75	2.0%	1.5
Board Independence	75	7.0%	5.3
Short-Term Incentive Programme	75	5.0%	3.8
Board Gender Diversity	66	3.0%	2.0
Risk Oversight	50	5.0%	2.5
Say on Pay	50	4.0%	2.0
CEO Pay Magnitude (Region)	40	2.0%	0.8
Audit Committee Experience	25	7.0%	1.8
Long-Term Incentive Programme	25	6.0%	1.5
Board Non-Executive Experience	0	5.0%	0.0
Shareholder Dissent	0	3.0%	0.0
 Corporate Governance	Category 0	0%	0.0
Weighted Sum			70.5

Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT

Risk Decomposition



Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT

Issue

Contribution 5.3 %



Carbon - Own Operations

Carbon - Own Operations encompasses the management of risks linked to a company's energy use and greenhouse gas emissions within its operational control, excluding emissions during the use phase and end-of-life cycle of its products.

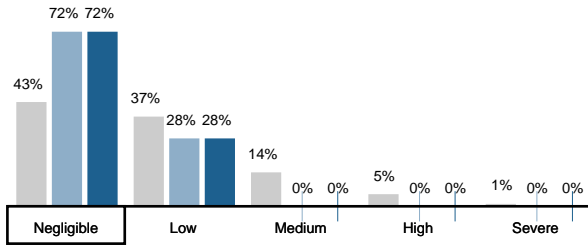
ESG Risk Rating

1.8

Negligible Risk



ESG Risk Rating Category Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = lowest risk)
Global Universe	1142/3002	39th
Aerospace & Defense INDUSTRY	29/46	63rd
Aerospace and Defence SUBINDUSTRY	29/46	63rd

Peers Comparison

Peers (Market cap \$7.0 - \$9.1bn)

Peers (Market cap \$7.0 - \$9.1bn)	Exposure	Management	ESG Risk Rating
1. Bombardier, Inc.	2.9 Low	66.3 Strong	1.0 Negligible
2. Aselsan Elektronik Sanayi ve Ticaret AS	3.2 Low	66.3 Strong	1.1 Negligible
3. Elbit Systems Ltd.	3.0 Low	39.4 Average	1.8 Negligible
4. Woodward, Inc.	2.9 Low	23.5 Weak	2.2 Low
5. BWX Technologies, Inc.	3.5 Low	24.7 Weak	2.6 Low

Elbit Systems Ltd.

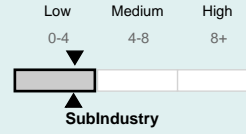
Aerospace and Defence | Israel | TAE:ESLT

ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. Our exposure score takes into consideration subindustry and company-specific factors such as its business model.

Exposure

3.0
Low



Manufacturing plants for A&D products require large amounts of energy for assembly processes, such as moulding, welding, riveting and painting, as well as moving parts and materials along production lines that are becoming increasingly complex, integrated and automated. Facilities also have electricity requirements for lighting, heating and air conditioning. Good energy management is an essential part of the industry transition toward the smart factory, which integrates equipment, such as advanced robotics, with intelligent and connected devices to optimize and streamline manufacturing processes. Companies can realize substantial cost savings from energy efficiency, as a company's energy bill represents, on average, 6% to 10% of total operating costs. Additionally, companies can minimize their exposure to energy price volatility and carbon regulation. Notably, the eventual introduction of a carbon price or tax could add tens of millions of dollars in annual energy costs, depending on where the company operates. Differences in company exposure are determined mostly by the geographic location of plants, but company size, market segment and production volume are also important differentiating factors. Larger industrial groups typically have higher energy bills and higher aggregate emission levels, but they may also be better positioned to leverage opportunities to achieve economies of scale and reduce payback periods for energy efficiency investments. Best practice includes group-wide implementation of energy efficiency measures, such as retrofitting or upgrading equipment and streamlining processes; increase in renewable energy on-site generation or purchase of green power; adoption of environmental and energy management systems certified to ISO 14001 and ISO 50001; collection, monitoring and public reporting of emissions data; and continuous improvement in terms of relative and absolute emissions to transition to a low-carbon economy. The industry is exhibiting progress in this regard, but may be hindered by the difficulty of processing big data analytics, the upfront costs to overhaul facilities or adopt new practices, and the changing regulatory landscape.

The company's exposure to Carbon -Own Operations issues is low and similar to the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	3.0
Issue Beta	x 1.00
Company Issue Exposure	3.0

Beta Indicators

Beta Signal

Energy Use and GHG Emissions	0.00
Operating Performance	0.00
Solvency	0.00
Financial Flexibility	0.02
Asset Performance	0.00
Carbon Emissions	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.00
Baseline	+1.00
Issue Beta	1.00

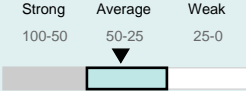
Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT

Management refers to how well a company is managing its relevant ESG issues. Our management score assesses the robustness of a company's ESG programs, practices, and policies.

Management

39.4
Average



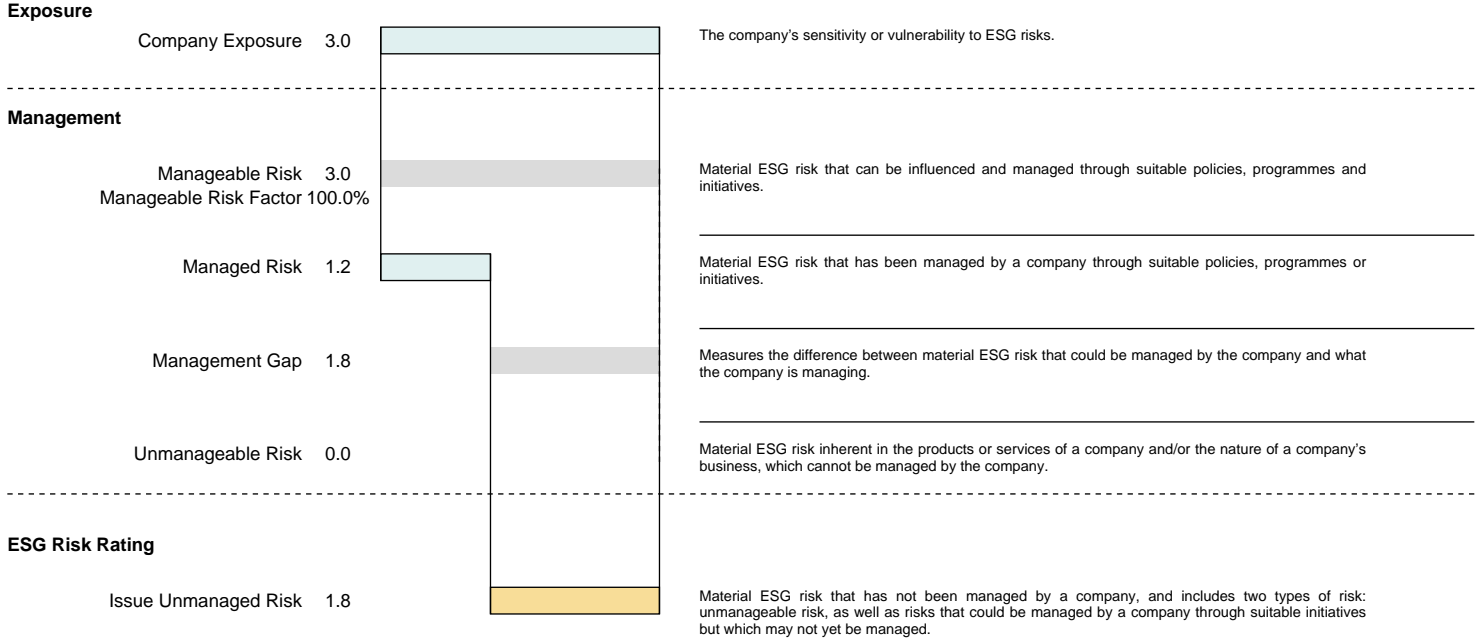
In our view, the company's management of the issue is average.

Management Indicators	Raw Score	Weight	Weighted Score
Environmental Management System	100	10.0%	10.0
EMS Certification	75	12.5%	9.4
Carbon Intensity	50	15.0%	7.5
Environmental Policy	50	2.5%	1.3
GHG Reduction Programme	50	12.5%	6.3
Renewable Energy Programmes	50	5.0%	2.5
GHG Risk Management	25	10.0%	2.5
Carbon Intensity Trend	0	15.0%	0.0
Renewable Energy Use	0	12.5%	0.0
Scope of GHG Reporting	0	5.0%	0.0
Energy Use and GHG Emissions	Category 0	0%	0.0
Weighted Sum			39.4

Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT

Risk Decomposition



Elbit Systems Ltd.

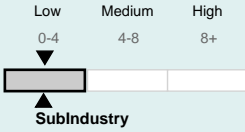
Aerospace and Defence Israel TAE:ESLT

ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. Our exposure score takes into consideration subindustry and company-specific factors such as its business model.

Exposure

2.0
Low



Manufacturers of aerospace and defense engage in the production of spacecraft, commercial, military and private aircraft, as well as military equipment, such as missiles. Companies in the subindustry are dependent on complex global supply chains to deliver the components that feed into their production lines. Due to the globalization of the subindustry, understanding and managing potential supply chain risks have become a strategic priority. Specifically, suppliers' human rights issues in emerging countries have become critical. As companies in this subindustry continue to innovate in areas like jet engine fuel efficiency, navigation technology and materials science, suppliers face intense pressure for product quality. The concurrent demand for lower prices puts pressure throughout the supply chain for cost reduction. This dilemma between quality and price can lead to poor work conditions, low wages, discrimination, or abuse of the right to freedom of association at suppliers. In addition to reputational risks that may arise from abuses in companies' supply chain, labour unrest at suppliers can result in problems with product delivery, negatively affecting companies' operations. Strikes lasting only a few days can lead to production slowdowns or even temporary shutdowns, resulting in millions of dollars in lost production value. Regulatory agencies also carry out inspections and impose fines. In 2012, the U.S. Securities and Exchange Commission began requiring companies to publicly disclose their use of conflict minerals that originated in the Democratic Republic of the Congo or an adjoining country. The California Transparency in Supply Chains Act and the UK government's Modern Slavery Act both require certain companies to make annual statements on actions taken to eradicate slavery and human trafficking from their businesses and suppliers. Best practice includes setting strong standards for suppliers beyond legal compliance and leveraging buying power to encourage adoption of these standards.

The company's exposure to Human Rights -Supply Chain issues is low and similar to the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	2.0
Issue Beta	x 1.00
Company Issue Exposure	2.0

Beta Indicators

Beta Signal

Labour Relations - SC	0.00
Occupational Health and Safety - SC	0.00
Employees - Human Rights - SC	0.00
Society - Human Rights - SC	0.00
Operating Performance	0.00
Solvency	0.00
Financial Flexibility	0.02
Asset Performance	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.00
Baseline	+1.00
Issue Beta	1.00

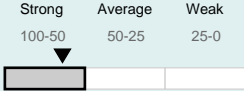
Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT

Management refers to how well a company is managing its relevant ESG issues. Our management score assesses the robustness of a company's ESG programs, practices, and policies.

Management

64.0
Strong



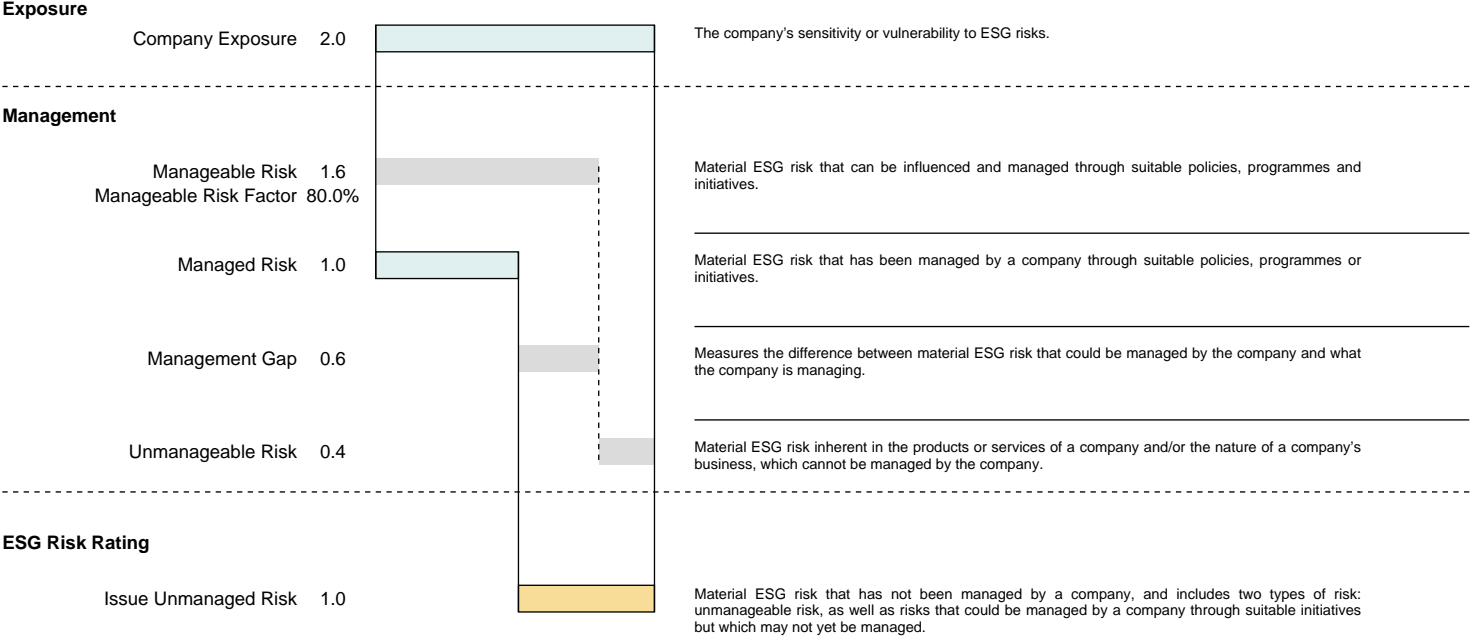
In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Conflict Minerals Policy	75	15.0%	11.2
Conflict Minerals Programmes	75	30.0%	22.5
Scope of Social Supplier Standards	75	15.0%	11.2
Supply Chain Management	50	30.0%	15.0
Human Rights Policy	40	10.0%	4.0
Employees - Human Rights - SC	Category 0	0%	0.0
Labour Relations - SC	Category 0	0%	0.0
Occupational Health and Safety - SC	Category 0	0%	0.0
Society - Human Rights - SC	Category 0	0%	0.0
Weighted Sum			64.0

Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT

Risk Decomposition



Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT

Issue

Contribution 2.7 %



Stakeholder Governance

Stakeholder Governance encompasses the mechanisms, processes and policies used by a company to manage its extra-financial risks and broader stakeholder relationships beyond focusing solely on shareholders.

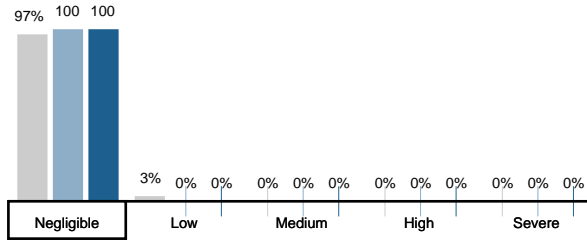
ESG Risk Rating

0.9

Negligible Risk



ESG Risk Rating Category Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = lowest risk)
Global Universe	2317/4655	50th
Aerospace & Defence INDUSTRY	24/46	52nd
Aerospace and Defence SUBINDUSTRY	24/46	52nd

Peers Comparison

Peers (Market cap \$7.0 - \$9.1bn)

Peers (Market cap \$7.0 - \$9.1bn)	Exposure	Management	ESG Risk Rating
1. Aselsan Elektronik Sanayi ve Ticaret AS	2.0 Low	67.1 Strong	0.7 Negligible
2. Bombardier, Inc.	2.0 Low	54.1 Strong	0.9 Negligible
3. Elbit Systems Ltd.	2.0 Low	53.5 Strong	0.9 Negligible
4. Woodward, Inc.	2.0 Low	41.3 Average	1.2 Negligible
5. BWX Technologies, Inc.	2.0 Low	39.4 Average	1.2 Negligible

Elbit Systems Ltd.

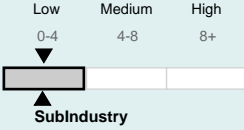
Aerospace and Defence Israel TAE:ESLT

ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. Our exposure score takes into consideration subindustry and company-specific factors such as its business model.

Exposure

2.0
Low



Public and private companies across all industries are increasingly expected to demonstrate how they have considered their business' impact on a broad range of stakeholders, beyond focusing solely on the needs of shareholders. A core element of this includes establishing safeguards and controls to manage the environmental, social and governance risks arising from a company's operations. At the same time, due to increasing regulatory requirements, firms are being required to enhance disclosures and adopt more robust processes and policies to monitor and manage ESG risks. Companies that fail to adopt the necessary structures to address stakeholders' expectations are subject to increased scrutiny and pressure from a range of interested parties demanding transparency and action. This can leave firms exposed to operational, reputational and financial risks. Companies in which the board and senior management have oversight of and assume responsibility for ensuring that there are appropriate mechanisms in place to mitigate the firm's environmental and social impacts and ensure ethical business conduct are considered to have a competitive advantage.

The company's exposure to Stakeholder Governance issues is low and similar to the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	2.0
Issue Beta	x 1.00
Company Issue Exposure	2.0

Beta Indicators

Beta Signal

Qualitative Overlay	0.00
Ownership	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.00
Baseline	+1.00
Issue Beta	1.00

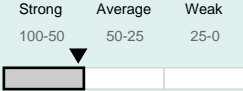
Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT

Management refers to how well a company is managing its relevant ESG issues. Our management score assesses the robustness of a company's ESG programs, practices, and policies.

Management

53.5
Strong



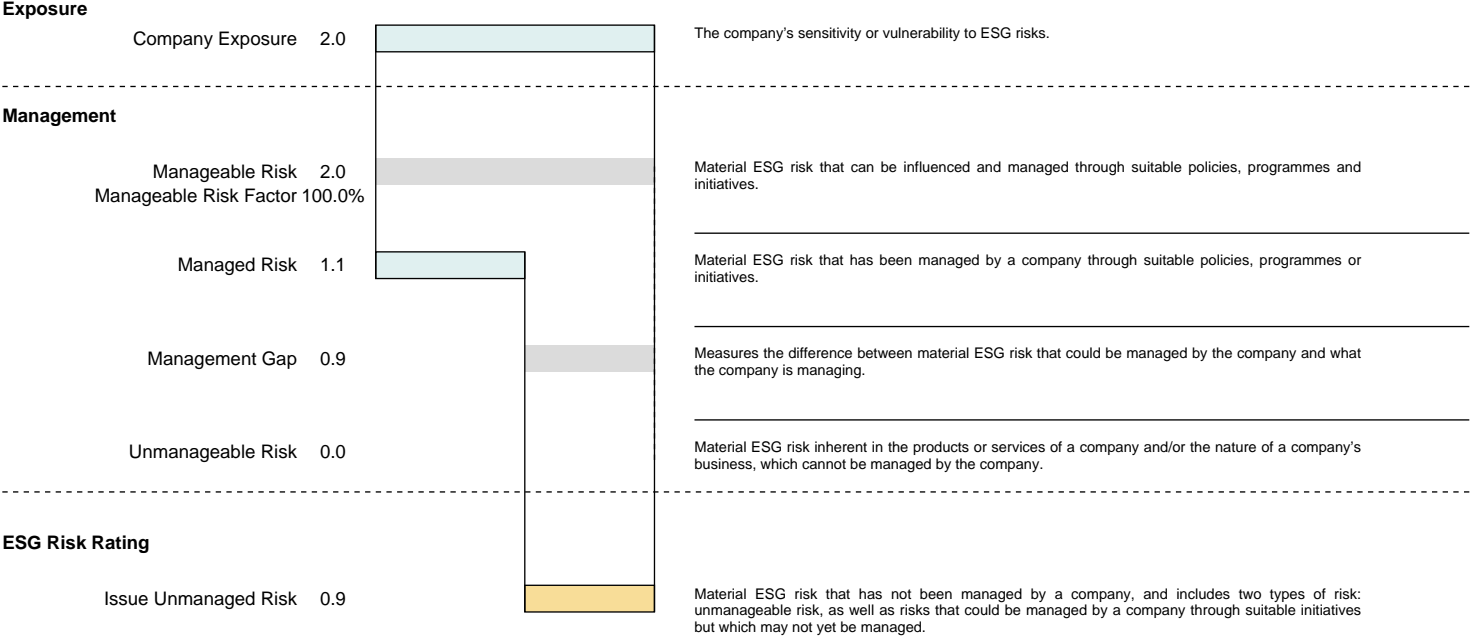
In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Bribery & Corruption Policy	100	10.5%	10.5
ESG Governance	100	10.5%	10.5
Political Involvement Policy	100	3.5%	3.5
Scope of Social Supplier Standards	75	4.5%	3.4
Whistleblower Programmes	75	10.5%	7.9
Supplier Environmental Policy	60	3.5%	2.1
Environmental Policy	50	8.5%	4.2
ESG Reporting Standards	50	6.0%	3.0
GHG Reduction Programme	50	9.5%	4.7
Discrimination Policy	25	9.5%	2.4
Verification of ESG Reporting	25	5.0%	1.2
Global Compact Signatory	0	6.5%	0.0
Lobbying and Political Expenses	0	3.5%	0.0
Tax Disclosure	0	8.5%	0.0
Weighted Sum			53.5

Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT

Risk Decomposition



Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT

Issue

Contribution 0.8 %



Occupational Health and Safety

Occupational Health and Safety refers to a company's ability to ensure its workforce is safe and healthy and to mitigate the risk of occupational hazards such as employee injuries or fatalities.

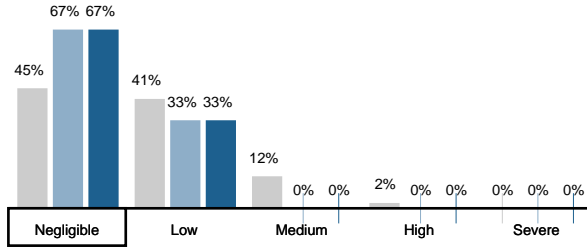
ESG Risk Rating

0.3

Negligible Risk



ESG Risk Rating Category Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = lowest risk)
Global Universe	19/2074	2nd
Aerospace & Defence INDUSTRY	3/46	5th
Aerospace and Defence SUBINDUSTRY	3/46	5th

Peers Comparison

Peers (Market cap \$7.0 - \$9.1bn)

Peers (Market cap \$7.0 - \$9.1bn)	Exposure	Management	ESG Risk Rating
1. Elbit Systems Ltd.	3.0 Low	96.0 Strong	0.3 Negligible
2. Bombardier, Inc.	3.2 Low	95.0 Strong	0.3 Negligible
3. Aselsan Elektronik Sanayi ve Ticaret AS	3.0 Low	67.5 Strong	1.1 Negligible
4. BWX Technologies, Inc.	3.0 Low	43.0 Average	1.8 Negligible
5. Woodward, Inc.	2.9 Low	22.6 Weak	2.2 Low

Elbit Systems Ltd.

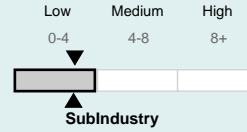
Aerospace and Defence Israel TAE:ESLT

ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. Our exposure score takes into consideration subindustry and company-specific factors such as its business model.

Exposure

3.0
Low



Aerospace and Defence employees may be exposed to a wide variety of occupational safety hazards, including slips, falls and injuries from sharp cutting tools, high temperatures, or moving machinery. Employees that test weaponry, planes or helicopters may be injured if products malfunction during testing. Additionally, the subindustry uses a various of toxic materials in production. For example, paint primer applied to aerospace vehicles is durable but can be highly toxic, and beryllium, a metal widely used as a thermal conductor within the subindustry, is a respiratory hazard. The US Occupational Health and Safety Administration (OSHA) tightened its exposure limits on beryllium in 2015. Furthermore, nanomaterials are increasingly being used in aerospace and engineering production processes, with unknown implications for employee health. The subindustry is generally considered to have strong management systems for occupational health and safety, as well as employee training; however, subindustry companies have experienced safety lapses resulting in injuries as well as fatalities. Safety lapses may result in litigation, regulatory investigations, and compensation to affected workers or their families, as well as temporary disruptions to production to investigate incidents. Best practice includes a health and safety management system externally certified to OHSAS 18001, as well as appropriate safety training and targets for continuous improvement on injury rates.

The company's exposure to Occupational Health and Safety issues is low and similar to the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	3.0
Issue Beta	x 1.00
Company Issue Exposure	3.0

Beta Indicators

Beta Signal

Occupational Health and Safety	0.00
Operating Performance	0.00
Solvency	0.00
Financial Flexibility	0.02
Asset Performance	0.00
Headquarters Location	-0.02
Assets Location	-0.05
Qualitative Overlay	0.00
Subindustry Correction Factor	0.05
Exceptional Event Adjustment	0.00
Total Beta Signal	0.00
Baseline	+1.00
Issue Beta	1.00

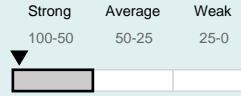
Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT

Management refers to how well a company is managing its relevant ESG issues. Our management score assesses the robustness of a company's ESG programs, practices, and policies.

Management

96.0
Strong



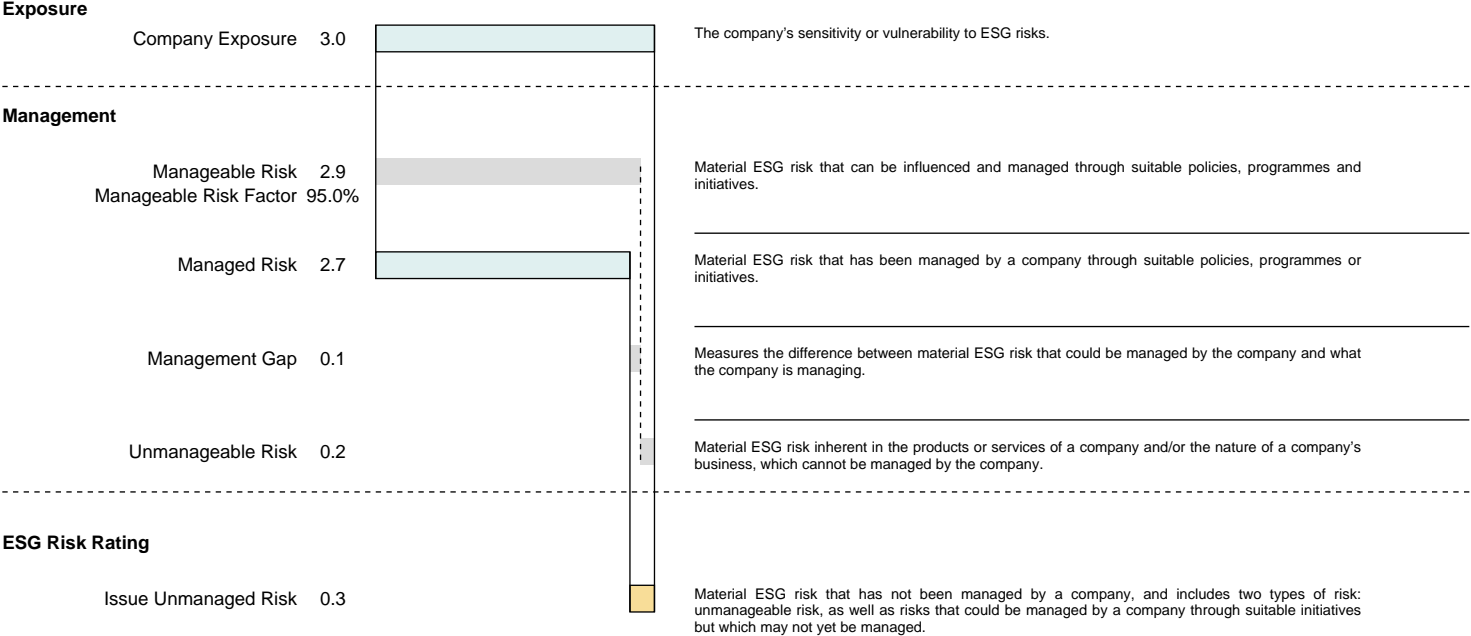
In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Employee Fatality Rate	100	20.0%	20.0
Health and Safety Management System	100	32.5%	32.5
Lost-Time Incident Rate Trend	100	27.5%	27.5
Health and Safety Certifications	80	20.0%	16.0
Occupational Health and Safety	Category 0	0%	0.0
Weighted Sum			96.0

Elbit Systems Ltd.

Aerospace and Defence Israel TAE:ESLT

Risk Decomposition



Appendix

Exposure Details



Product Governance

EA.E.24 - Marketing Practices

Beta Signal

0.00

No evidence of relevant controversies

EA.E.28 - Quality and Safety

Beta Signal

0.00

No evidence of relevant controversies

EA.F.1 - Operating Performance

Beta Signal

0.00

The company has an average net income margin.

Average Net Income Margin (Trailing 3 Years): 5.12%
 Subindustry Median (Trailing 3 Years): 5.12%
 Source: Morningstar, January 2023. All Rights Reserved.,

EA.F.2 - Solvency

Beta Signal

0.00

The company has an average debt-equity ratio.

Average Debt to Equity Ratio (3 Period Exponentially Weighted Average as of January 2023): 0.51
 Subindustry Median (3 Period Exponentially Weighted Average as of January 2023): 0.41
 Source: Morningstar, January 2023. All Rights Reserved.,

EA.F.3 - Financial Flexibility

Beta Signal

0.02

The company has a weak cash flow ratio.

Average Free Cash Flow Ratio (Trailing 3 Years): 1.08%
 Subindustry Median (Trailing 3 Years): 5.46%
 Source: Morningstar, January 2023. All Rights Reserved.,

EA.F.4 - Asset Performance

Beta Signal

0.00

The company has an average return on assets.

Average Return on Assets (Trailing 3 Years): 3.19%
 Subindustry Median (Trailing 3 Years): 3.45%
 Source: Morningstar, January 2023. All Rights Reserved.,

EA.G.1 - Headquarters Location

Beta Signal

- 0.02

The location of the company's headquarters indicates slightly lower exposure to this issue.

Israel: Slightly lower exposure
 Source: Sustainalytics Country Risk Rating, November 2023.

EA.G.3 - Sales Location

Beta Signal

0.05

The location of the company's sales indicates slightly higher exposure to this issue.

Appendix

Exposure Details

United States of America 24% (Slightly higher exposure)
Israel 19% (Slightly higher exposure)
China 13% (Average exposure)
Other: 44%
Source: Sustainalytics Country Risk Rating, November 2023.

EA.S.1 - Qualitative Overlay

Beta Signal

0.00

Answer category for neutral beta signal adjustment

EA.S.2 - Subindustry Correction Factor

Beta Signal

0.00

EA.S.3 - Exceptional Event Adjustment

Beta Signal

0.00

Appendix

Management Details

S.3.1.9.1 - Product and Service Safety Programme

The indicator assesses whether a company has implemented specific programmes or initiatives to ensure the safety and reliability of its products and services. Higher weighting is given to evidence of managerial oversight for product safety, regular product safety risk assessments, and employee training on the topic. In addition, industry-specific certifications are also considered as part of the assessment.

Raw Score	Weight	Weighted Score
25	50.00%	12.5

The company has a weak programme

Criteria

- Regular external product/service safety audits
- Product/service objectives or targets
- Regularly tested emergency response procedures to ensure product/service safety
- Regular employee training on product/service safety
- Product/service safety risk assessment
- Incident investigation and corrective action
- Monitoring of product/service safety performance
- Public reporting on product/service safety issues
- Managerial responsibility for product/service safety
- Policy commitment to ensure product/service safety

Citations

Elbit Systems Ltd. ESG Report 2019 -2020 (FY2020)

S.3.2.1 - QMS Certifications

This indicator assesses the percentage of a company's operations covered by a certified Quality Management System (QMS). Certification standards that are considered in assessing this indicator include ISO 9001 and national equivalents. However, other certifications that are specific to a given sector are also given credit, such as IOSA for airlines and ISAS 9001 for media companies. Higher scores are awarded to companies that disclose higher certification coverage. A lower score is awarded if some operations are certified to a relevant standard, but the exact percentage is not provided.

Raw Score	Weight	Weighted Score
25	50.00%	12.5

Some of the company's sites have received external certification but the scope is unclear

Citations

Elbit Systems Ltd. Annual Report 2021 (FY2020/2021)
 Elbit Systems Ltd. ESG Report 2019 -2020 (FY2020)

Appendix

Exposure Details



Carbon - Products and Services

EA.E.46 - Carbon Impact of Products

Beta Signal

0.00

No evidence of relevant controversies

EA.F.1 - Operating Performance

Beta Signal

0.00

The company has an average net income margin.

Average Net Income Margin (Trailing 3 Years): 5.12%
 Subindustry Median (Trailing 3 Years): 5.12%
 Source: Morningstar, January 2023. All Rights Reserved.,

EA.F.2 - Solvency

Beta Signal

0.00

The company has an average debt-equity ratio.

Average Debt to Equity Ratio (3 Period Exponentially Weighted
 Average as of January 2023): 0.51
 Subindustry Median (3 Period Exponentially Weighted Average as of
 January 2023): 0.41
 Source: Morningstar, January 2023. All Rights Reserved.,

EA.F.3 - Financial Flexibility

Beta Signal

0.02

The company has a weak cash flow ratio.

Average Free Cash Flow Ratio (Trailing 3 Years): 1.08%
 Subindustry Median (Trailing 3 Years): 5.46%
 Source: Morningstar, January 2023. All Rights Reserved.,

EA.F.4 - Asset Performance

Beta Signal

0.00

The company has an average return on assets.

Average Return on Assets (Trailing 3 Years): 3.19%
 Subindustry Median (Trailing 3 Years): 3.45%
 Source: Morningstar, January 2023. All Rights Reserved.,

EA.P.9 - Carbon Solutions Offering

Beta Signal

0.15

The level of carbon solutions offered by the company indicates higher exposure to this issue.

Appendix

Exposure Details

EA.P.11 - Carbon Emissions From Aerospace Products

Beta Signal

0.00

No product area accounts for more than the majority of company revenues.

EA.S.1 - Qualitative Overlay

Beta Signal

0.00

Answer category for neutral beta signal adjustment

EA.S.2 - Subindustry Correction Factor

Beta Signal

- 0.08

EA.S.3 - Exceptional Event Adjustment

Beta Signal

0.00

Appendix

Management Details

E.3.1.1 - Sustainable Products & Services

The indicator assesses performance based on the percentage of annual revenue generated from products and services that offer significant environmental or social benefits. These can include renewable energy services, water efficiency technologies, sustainable agriculture or products and services that align with the UN Sustainable Development Goals. A lower score is given if there is evidence that the company offers sustainability-related products or services, but the revenues obtained from them are not disclosed.

Raw Score	Weight	Weighted Score
20	70.00%	14.0

There is evidence that the company offers sustainability-related products or services but the revenues obtained from these are not disclosed

Citations

Elbit Systems Ltd. ESG Report 2019 -2020 (FY2020)

E.3.1.6 - Eco-Design

The indicator assesses whether a company incorporates eco-design concepts throughout the design stage of its products. A high score is awarded to companies that consistently consider the environmental impact of their products at the design stage, whereas companies that do so only for a limited scope of products, or in a less consistent way, receive a lower score.

Raw Score	Weight	Weighted Score
0	30.00%	0.0

There is no evidence of environmental impact being considered at the design stage of new products

Appendix

Exposure Details



Bribery and Corruption

EA.E.6 - Bribery and Corruption

Beta Signal

0.00

No evidence of relevant controversies

EA.F.1 - Operating Performance

Beta Signal

0.00

The company has an average net income margin.

Average Net Income Margin (Trailing 3 Years): 5.12%
 Subindustry Median (Trailing 3 Years): 5.12%
 Source: Morningstar, January 2023. All Rights Reserved.,

EA.F.2 - Solvency

Beta Signal

0.00

The company has an average debt-equity ratio.

Average Debt to Equity Ratio (3 Period Exponentially Weighted
 Average as of January 2023): 0.51
 Subindustry Median (3 Period Exponentially Weighted Average as of
 January 2023): 0.41
 Source: Morningstar, January 2023. All Rights Reserved.,

EA.F.3 - Financial Flexibility

Beta Signal

0.02

The company has a weak cash flow ratio.

Average Free Cash Flow Ratio (Trailing 3 Years): 1.08%
 Subindustry Median (Trailing 3 Years): 5.46%
 Source: Morningstar, January 2023. All Rights Reserved.,

EA.F.4 - Asset Performance

Beta Signal

0.00

The company has an average return on assets.

Average Return on Assets (Trailing 3 Years): 3.19%
 Subindustry Median (Trailing 3 Years): 3.45%
 Source: Morningstar, January 2023. All Rights Reserved.,

EA.G.4 - Regional Corruption

Beta Signal

0.00

The location of the company's operations indicates average exposure to this issue.

Country | Percentage of revenues | Corruption level
 United States of America: 24% (Low Corruption)
 Israel: 19% (Low Corruption)
 China: 13% (Med. Corruption)
 Other: 40%
 Source: World Bank Worldwide Governance Indicators, November 2023, <https://databank.worldbank.org/>

Appendix

Exposure Details

EA.S.1 - Qualitative Overlay

Beta Signal

0.50

.....
 Answer category for positive beta signal adjustment

Elbit Systems Ltd. has considerably higher exposure to Bribery and Corruption issues for the following reason:
 The company derives ca. 90% of its revenue from government defence contract. Involvement in government defence contracts and proximity to public officials considerably impacts the potential for bribery and

.....

EA.S.2 - Subindustry Correction Factor

Beta Signal

0.00

EA.S.3 - Exceptional Event Adjustment

Beta Signal

0.00

.....

Appendix

Management Details

G.1.1 - Bribery & Corruption Policy

This indicator assesses a company's commitments to mitigate risks posed by bribery and corruption. This includes commitments made within a company's code of conduct or ethics. Explicit prohibition of corruption or payment of bribes of any kind receives the highest weighting under this indicator, along with specific definitions as to what the company considers to be "bribery", "corruption", and "conflicts of interest". Additional consideration is given to defining and prohibiting the facilitation of payments, along with disclosure relating to what the company considers to be acceptable behaviour.

Raw Score	Weight	Weighted Score
100	20.00%	20.0

The company has a very strong policy

Criteria

- Definition of bribery or corruption
- Prohibition of bribery
- Definition and prohibition of facilitation payments
- There is no evidence of a formal policy but the company has a general statement addressing the issue
- Definition of conflicts of interest and commitment to minimize these
- Guidelines of what is considered acceptable behaviour

Citations

- Elbit Systems Ltd. Anti-Bribery and Corruption Policy, released March 2019
- Elbit Systems Ltd. Code of Business Conduct and Ethics, released April 2022
- Elbit Systems Ltd. Entertainment and Gifts Policy, released March 2019
- On Thursday, February 9, 2023, Sustainalytics sent Elbit Systems Ltd. the Sustainalytics ESG Feedback Report

G.1.1.1 - Bribery & Corruption Programmes

This indicator assesses a company's efforts to mitigate risks posed by the occurrence of bribery and corruption. Efforts to assess relevant risks on an annual basis, including screening of business partners and suppliers, are weighted most heavily under this indicator, along with annual employee training and evidence of executive level oversight of bribery and corruption. Other considerations include proof of internal monitoring systems to detect corruption and mechanisms for employees to consult on ethical issues. The presence of an anti-bribery system that is certified to ISO 37001 is viewed as a best practice under this indicator.

Raw Score	Weight	Weighted Score
25	55.00%	13.8

The company has a weak programme

Criteria

- Mechanisms for employees to consult on ethical issues
- Operating guidelines addressing record keeping, approval procedures and appropriate behaviour
- Regular bribery and corruption risk assessments
- Annual signoff of the policy on bribery and corruption by employees
- Internal monitoring system to detect corruption
- Regular training on bribery and corruption
- Managerial responsibility for bribery and corruption

Citations

- Elbit Systems Ltd. Code of Business Conduct and Ethics, released April 2022

G.1.2 - Whistleblower Programmes

The indicator assesses a company's whistleblower system, including whether it is actively promoted to employees. The highest weighting is given for disclosing the number of reports received, the types of misconduct reported, and the disciplinary measures taken. The assessment takes into account if the company has an independent hotline that is accessible 24/7, and whether the whistleblower system is available to third parties and in local languages. The indicator also assesses whether a company allows anonymous reporting, ensures whistleblowers' protection, and if it discloses its mechanisms to investigate reports.

Raw Score	Weight	Weighted Score
75	25.00%	18.8

The company has a strong programme

Criteria

- Proactively communicated to employees
- Available in local languages
- Non-retaliation policy

Appendix

Management Details

- Structures in place to process whistleblower reports
 - Disclosure on the number of reports received, the types of misconduct and measures taken
 - Available to suppliers, customers and other third parties
 - An independent, reporting hotline available 24/7
 - Possibility for anonymous reporting and reports are treated confidentially
-

Citations

Elbit Systems Ltd. Annual Report 2021 (FY2020/2021)

Elbit Systems Ltd. ESG Report 2019 -2020 (FY2020)

Elbit Systems Ltd. Whistleblower Policy, released April 2022

Appendix

Exposure Details



Business Ethics

EA.E.2 - Accounting and Taxation

Beta Signal
0.00

No evidence of relevant controversies

EA.E.4 - Anti-Competitive Practices

Beta Signal
0.00

No evidence of relevant controversies

EA.E.7 - Business Ethics

Beta Signal
0.00

No evidence of relevant controversies

EA.E.21 - Intellectual Property

Beta Signal
0.00

No evidence of relevant controversies

EA.E.23 - Lobbying and Public Policy

Beta Signal
0.00

No evidence of relevant controversies

EA.E.30 - Sanctions

Beta Signal
0.00

No evidence of relevant controversies

EA.E.34 - Weapons

Beta Signal
0.02

Category 2

EA.E.48 - Society - Human Rights

Beta Signal
0.00

No evidence of relevant controversies

EA.F.1 - Operating Performance

Beta Signal
0.00

The company has an average net income margin.

Average Net Income Margin (Trailing 3 Years): 5.12%
Subindustry Median (Trailing 3 Years): 5.12%
Source: Morningstar, January 2023. All Rights Reserved.,

EA.F.2 - Solvency

Beta Signal
0.00

The company has an average debt-equity ratio.

Average Debt to Equity Ratio (3 Period Exponentially Weighted Average as of January 2023): 0.51
Subindustry Median (3 Period Exponentially Weighted Average as of January 2023): 0.41
Source: Morningstar, January 2023. All Rights Reserved.,

Appendix

Exposure Details

EA.F.3 - Financial Flexibility

Beta Signal
0.02

The company has a weak cash flow ratio.

Average Free Cash Flow Ratio (Trailing 3 Years): 1.08%
Subindustry Median (Trailing 3 Years): 5.46%
Source: Morningstar, January 2023. All Rights Reserved.,

EA.F.4 - Asset Performance

Beta Signal
0.00

The company has an average return on assets.

Average Return on Assets (Trailing 3 Years): 3.19%
Subindustry Median (Trailing 3 Years): 3.45%
Source: Morningstar, January 2023. All Rights Reserved.,

EA.S.1 - Qualitative Overlay

Beta Signal
0.00

Answer category for neutral beta signal adjustment

EA.S.2 - Subindustry Correction Factor

Beta Signal
0.00

EA.S.3 - Exceptional Event Adjustment

Beta Signal
0.00

Appendix

Management Details

G.1.2 - Whistleblower Programmes

The indicator assesses a company's whistleblower system, including whether it is actively promoted to employees. The highest weighting is given for disclosing the number of reports received, the types of misconduct reported, and the disciplinary measures taken. The assessment takes into account if the company has an independent hotline that is accessible 24/7, and whether the whistleblower system is available to third parties and in local languages. The indicator also assesses whether a company allows anonymous reporting, ensures whistleblowers' protection, and if it discloses its mechanisms to investigate reports.

Raw Score	Weight	Weighted Score
75	9.00%	6.7

The company has a strong programme

Criteria

- Proactively communicated to employees
- Available in local languages
- Non-retaliation policy
- Structures in place to process whistleblower reports
- Disclosure on the number of reports received, the types of misconduct and measures taken
- Possibility for anonymous reporting and reports are treated confidentially
- An independent, reporting hotline available 24/7
- Available to suppliers, customers and other third parties

Citations

- Elbit Systems Ltd. Annual Report 2021 (FY2020/2021)
- Elbit Systems Ltd. ESG Report 2019 -2020 (FY2020)
- Elbit Systems Ltd. Whistleblower Policy, released April 2022

G.3.1 - Political Involvement Policy

The indicator evaluates a company's policy on political involvement. The highest weighting is assigned if the company has a formal policy that completely prohibits political contributions, electioneering, and spending (lobbying expenditure) under any circumstances. Partial scores are given if the company allows political involvement through Political Action Committees or industry associations, but only when this is approved by the board or a committee of the board. A lower score is assigned if the company does not disclose a formal policy, but has a general statement addressing the issue.

Raw Score	Weight	Weighted Score
100	9.00%	9.0

The company has a strong policy

Criteria

- Commits the company to disclose political donations and/or lobbying expenditures
- Prohibits political involvement of any kind on the company's behalf
- Partially prohibits political involvement

G.1.2.1 - Business Ethics Programme

This indicator provides an assessment of the quality of the company's overall management of material business ethics issues, such as -insider trading, bribery, anti-trust activities, conflict of interest, fraud etc.

Raw Score	Weight	Weighted Score
50	31.50%	15.8

The company has an adequate programme

Criteria

- Annual training of employees on the Code of Conduct
- Board responsibility for business ethics issues
- Operating guidelines
- Incident investigation and corrective actions
- Managerial responsibility for business ethics
- Commitment to address major business ethics risks
- Measures to deter non-compliance and reduce exposure to unethical opportunities
- Ethical risk assessments

Citations

- Elbit Systems Ltd. Annual Report 2021 (FY2020/2021)
- Elbit Systems Ltd. Code of Business Conduct and Ethics, released April 2022
- Elbit Systems Ltd. Whistleblower Policy, released April 2022

G.3.2 - Lobbying and Political Expenses

The indicator assesses performance based on the total sum of political contributions and/or donations to political parties made by the company in the last three years. Money spent on lobbying activities is also considered as part of the assessment. In addition, only company donations are considered, and not donations made by employees or members of the board. A higher score is assigned for companies that have not been involved in any form of political spending or lobbying activities for the past three years. Contributions through political action committees (PACs) are given a high score only if approved by members of the board.

Raw Score	Weight	Weighted Score
0	9.00%	0.0

Based on available evidence, the company made more than USD 0.5 million in political contributions or political spending in the last three years

Citations

- OpenSecrets, www.opensecrets.org; accessed 12 December 2022

Appendix

Management Details

Approved by senior management

Citations

Elbit Systems Ltd. Code of Business Conduct and Ethics, released April 2022

S.4.2.1 - Human Rights Policy

This indicator assesses a company’s commitments to formally acknowledge and uphold human rights across its sphere of influence, including in the activities of its contractors, suppliers or other business partners. Scoring for the indicator is balanced across several different criteria, with commitments to adopt industry-specific human rights programmes, to correct negative human rights impacts and to apply human rights due diligence receiving a slightly higher weighting. Other considerations include whether a policy cites relevant international frameworks and if it commits to monitor human rights impacts and to adopt grievance mechanisms.

Raw Score	Weight	Weighted Score
40	9.00%	3.6

The company has a weak policy

Criteria

- Approved at the most senior level of the business enterprise
- Stipulation of the company’s human rights expectations of personnel
- Commitment to adopt grievance mechanisms
- Commitment to respect human rights following international standards
- Commitment to provide remedy to correct negative impacts
- Stipulation of the company’s human rights expectations of third parties
- Commitment to adopt programmes to address industry-specific human rights exposure
- Commitment to apply human rights due diligence or conduct risk assessments
- Commitment to communicate the policy to personnel and external stakeholders
- Commitment to monitor and report on human rights impacts

Citations

Elbit Systems Ltd. Human Rights Statement, released May 2021

S.4.2.1.2 - Human Rights Programme

This indicator assesses a company’s efforts to mitigate risks and impacts posed by the occurrence of human rights violations across its sphere of influence, including in the activities of its contractors, suppliers or other business partners. Evidence of regular human rights risk assessment and due diligence – particularly prior to engaging in new projects, ventures or markets – is considered most significant in assessing this indicator. Other significant factors in the assessment include executive-level accountability over human rights and the periodic training of relevant staff on potential human rights issues.

Raw Score	Weight	Weighted Score
25	22.50%	5.6

The company has a weak programme

Criteria

- Participation in best practice multistakeholder or industry initiatives on human rights
- Executive responsibility for human rights
- Regular human rights risk assessments
- Regular human rights training for relevant staff
- Incident investigation, including grievance mechanisms
- Interaction with third parties includes measures to respect human rights
- Monitoring of human rights performance
- Objectives or targets in the area of human rights
- Access to remedy for victims of human rights violations

Citations

Elbit Systems Ltd. ESG Report 2019 -2020 (FY2020)

Appendix

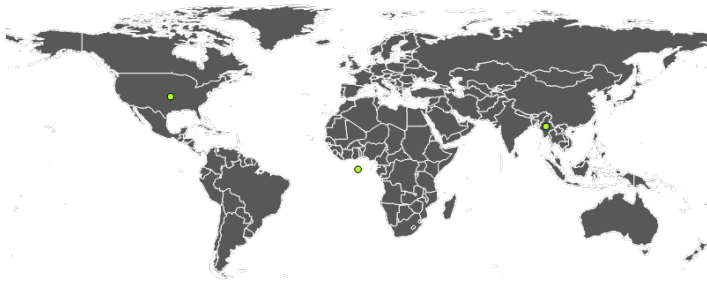
Management Details

Weapons Events



Category 2 Event - Moderate

Incident History



Elbit sent arms to Myanmar after the 2021 military coup
Haaretz - 06 September 2023

Update: NGO criticizes company for selling military equipment to Myanmar
New York Times - 01 March 2021

Amnesty International report criticizes companies over arms sales due
Ekklesia - 10 September 2019

Locations: Myanmar, Myanmar (Burma), United States

Tags: Arms Export

Appendix

Exposure Details



Emissions, Effluents and Waste

EA.E.14 - Emissions, Effluents and Waste

Beta Signal

0.00

No evidence of relevant controversies

EA.F.1 - Operating Performance

Beta Signal

0.00

The company has an average net income margin.

Average Net Income Margin (Trailing 3 Years): 5.12%
 Subindustry Median (Trailing 3 Years): 5.12%
 Source: Morningstar, January 2023. All Rights Reserved.,

EA.F.2 - Solvency

Beta Signal

0.00

The company has an average debt-equity ratio.

Average Debt to Equity Ratio (3 Period Exponentially Weighted
 Average as of January 2023): 0.51
 Subindustry Median (3 Period Exponentially Weighted Average as of
 January 2023): 0.41
 Source: Morningstar, January 2023. All Rights Reserved.,

EA.F.3 - Financial Flexibility

Beta Signal

0.02

The company has a weak cash flow ratio.

Average Free Cash Flow Ratio (Trailing 3 Years): 1.08%
 Subindustry Median (Trailing 3 Years): 5.46%
 Source: Morningstar, January 2023. All Rights Reserved.,

EA.F.4 - Asset Performance

Beta Signal

0.00

The company has an average return on assets.

Average Return on Assets (Trailing 3 Years): 3.19%
 Subindustry Median (Trailing 3 Years): 3.45%
 Source: Morningstar, January 2023. All Rights Reserved.,

EA.G.1 - Headquarters Location

Beta Signal

- 0.02

The location of the company's headquarters indicates slightly lower exposure to this issue.

Israel: Slightly lower exposure
 Source: Sustainalytics Country Risk Rating, November 2023.

Appendix

Exposure Details

EA.G.2 - Assets Location

Beta Signal

- 0.05

The location of the company's assets indicates slightly lower exposure to this issue.

Israel 59% (Slightly lower exposure)
 United States of America 34% (Slightly lower exposure)
 Other: 6%
 Source: Sustainalytics Country Risk Rating, November 2023.

EA.S.1 - Qualitative Overlay

Beta Signal

0.00

Answer category for neutral beta signal adjustment

EA.S.2 - Subindustry Correction Factor

Beta Signal

0.06

EA.S.3 - Exceptional Event Adjustment

Beta Signal

0.00

Appendix

Management Details

E.1.1 - Environmental Policy

The indicator assesses a company's commitments to protect the environment. The highest weighting is given for commitments to follow a precautionary approach to environmental issues, create environmental awareness, implement an environmental management system, and reduce the use of natural resources, waste, emissions and releases. Additionally, lower weighting is attributed for committing to monitor and report on environmental Key Performance Indicators and consult with external stakeholders on environmental issues.

Raw Score	Weight	Weighted Score
50	10.00%	5.0

The company has an adequate policy

Criteria

- Commitment to create environmental awareness
- Commitment to reduce emissions, releases and waste
- Approved by senior management or the board of directors
- Commitment to implement an environmental management system
- Commitment to monitor the company's environmental performance
- Commitment to consult with stakeholders on environmental issues
- Commitment to report regularly on environmental issues
- Commitment to use natural resources or energy more efficiently
- Commitment to environmental protection

Citations

Elbit Systems Ltd. EHS Policy, released June 2022

E.1.2 - Environmental Management System

The quality and scope of a company's environmental management system (EMS) is assessed based on 13 criteria with equal weights, developed based on the requirements of the ISO 14001-2015 EMS certification standard. A company can have its EMS implemented company-wide or per business unit or production site. An EMS of a company can be certified to external reputable, international standards with similar scope as the ISO 14001, such as the EMAS, RC 14001, GB/T 24001, IEnvA. A lower score is assigned if the company discloses some EMS-related activities but does not have a formal EMS. An Environmental Management System (EMS) is a set of processes and practices that enable an organization to reduce its environmental impacts and increase its operating efficiency¹. An EMS helps an organization achieve its environmental goals through consistent review, evaluation, and improvement of its environmental performance. EMSs are based on the assumption that consistent review and evaluation will identify opportunities for improving and implementing the environmental performance of the company. The ISO 14001 standard certification is the most widely used EMS in the world hence its use in the assessment of this indicator.

Raw Score	Weight	Weighted Score
100	15.00%	15.0

The company has a very strong EMS

Criteria

- Objectives, targets and deadlines
- Internal and external communications on environmental management issues
- Identification of products, activities and services that have significant impacts on the environment
- Assigned roles and responsibilities
- Environmental programmes
- Corrective actions to stimulate continual improvement
- Compliance with environmental regulation
- Environmental performance records
- External environmental audits
- Managerial or board level responsibility for environmental issues
- Monitoring and measurement
- Internal environmental audits
- Training and awareness programmes for employees

Citations

Elbit Systems Ltd. EHS Report 2021 (FY2021)

Appendix

Management Details

E.1.2.6.5 - Radioactive Waste Management

The indicator assesses whether a company makes a formal commitment to manage radioactive waste responsibly, as well as if top-managerial responsibility is assigned for this issue. In addition, the assessment includes clear operating guidelines for fragmentation, decontamination, transportation, storage and disposal of radioactive waste. Consideration is also given to monitoring and measurement activities, employee training, procedures used to investigate potential incidents and apply corrective action. High-level radioactive waste is not considered here since it is highly regulated by governments and is usually handled by third parties.

Raw Score	Weight	Weighted Score
0	30.00%	0.0

Based on available evidence, the company does not have a programme

Criteria

- Incident investigation and corrective action
- Policy commitment to manage radioactive waste responsibly
- Operating guidelines, standards or procedures for radioactive waste management
- Training of employees on radioactive waste management
- Managerial or board level responsibility for radioactive waste management
- Operating guidelines, standards or procedures for radioactive waste storage
- Operating guidelines, standards or procedures for radioactive waste disposal
- Radioactive waste monitoring and measurement

E.1.3 - EMS Certification

This indicator assesses the percentage of a company's business units or production sites certified to an external environmental management system (EMS) standard, such as the ISO 14001-2015 or similar (EMAS, RC 14001, GB/T 24001, IEnvA etc.). An Environmental Management System (EMS) is a set of processes and practices that enable an organization to reduce its environmental impacts and increase its operating efficiency¹. An EMS helps an organization achieve its environmental goals through consistent review, evaluation, and improvement of its environmental performance. EMSs are based on the assumption that consistent review and evaluation will identify opportunities for improving and implementing the environmental performance of the company. The ISO 14001 standard certification is the most widely used EMS in the world hence its use in the assessment of this indicator.

Raw Score	Weight	Weighted Score
75	10.00%	7.5

Between 75% and 90% of the company's activities have received external certification

Citations

Elbit Systems Ltd. EHS Report 2021 (FY2021)

E.1.3.2 - Hazardous Waste Management

This indicator assesses whether the company has a formal commitment to reduce hazardous waste, supported by quantitative targets with clear deadlines. The indicator also assesses whether the company monitors and measures its hazardous waste, and whether reduction initiatives are in place. The way in which the company defines hazardous waste is also taken into consideration.

Raw Score	Weight	Weighted Score
25	35.00%	8.8

The company has a weak programme

Criteria

- Initiatives to reduce hazardous waste
- Monitoring and measurement
- Targets and deadlines
- Commitment to reduce hazardous waste

Citations

Elbit Systems Ltd. EHS Report 2021 (FY2021)

Appendix

Exposure Details



Data Privacy and Cybersecurity

EA.E.27 - Data Privacy and Security

Beta Signal

0.00

No evidence of relevant controversies

EA.F.1 - Operating Performance

Beta Signal

0.00

The company has an average net income margin.

Average Net Income Margin (Trailing 3 Years): 5.12%
 Subindustry Median (Trailing 3 Years): 5.12%
 Source: Morningstar, January 2023. All Rights Reserved.,

EA.F.2 - Solvency

Beta Signal

0.00

The company has an average debt-equity ratio.

Average Debt to Equity Ratio (3 Period Exponentially Weighted
 Average as of January 2023): 0.51
 Subindustry Median (3 Period Exponentially Weighted Average as of
 January 2023): 0.41
 Source: Morningstar, January 2023. All Rights Reserved.,

EA.F.3 - Financial Flexibility

Beta Signal

0.02

The company has a weak cash flow ratio.

Average Free Cash Flow Ratio (Trailing 3 Years): 1.08%
 Subindustry Median (Trailing 3 Years): 5.46%
 Source: Morningstar, January 2023. All Rights Reserved.,

EA.F.4 - Asset Performance

Beta Signal

0.00

The company has an average return on assets.

Average Return on Assets (Trailing 3 Years): 3.19%
 Subindustry Median (Trailing 3 Years): 3.45%
 Source: Morningstar, January 2023. All Rights Reserved.,

EA.G.1 - Headquarters Location

Beta Signal

- 0.02

The location of the company's headquarters indicates slightly lower exposure to this issue.

Israel: Slightly lower exposure
 Source: Sustainalytics Country Risk Rating, November 2023.

Appendix

Exposure Details

EA.G.3 - Sales Location

Beta Signal

0.05

The location of the company's sales indicates slightly higher exposure to this issue.

United States of America 24% (Slightly higher exposure)
 Israel 19% (Slightly higher exposure)
 China 13% (Average exposure)
 Other: 44%
 Source: Sustainalytics Country Risk Rating, November 2023.

EA.S.1 - Qualitative Overlay

Beta Signal

0.00

Answer category for neutral beta signal adjustment

EA.S.2 - Subindustry Correction Factor

Beta Signal

0.00

EA.S.3 - Exceptional Event Adjustment

Beta Signal

0.00

Appendix

Management Details

S.3.1.3 - Data Privacy Policy

This indicator assesses the alignment of a company's privacy policy with the eight principles outlined in the 1980 OECD Guidelines on the Protection of Privacy or equivalent Fair Information Practices (FIPs) models, such as the Generally Accepted Privacy Principles (GAPP). The content of a privacy policy is highly prescribed in law and best practice.

Raw Score	Weight	Weighted Score
25	15.00%	3.7

The company has a weak policy or a general statement addressing the issue

Criteria

- Commitment to notify data subjects in a timely manner in case of policy changes or data breach
- Commitment to obtain user data through lawful and transparent means, with explicit consent of the data subject where required
- Commitment to collect and process user data that is limited to the stated purpose
- Commitment to require third parties with whom the data is shared to comply with the company's policy
- Clear terms involving the collection, use, sharing and retention of user data including data transferred to third parties
- The company has a formal policy but it applies to less than 50% of the operations
- Commitment to implement leading data protection standards
- There is a statement addressing the issue but it does not qualify as a policy as per Sustainalytics guidelines

Citations

Elbit Systems Ltd. Privacy Policy, available online at www.elbitsystems.com; accessed 12 December 2022

S.3.1.3.3 - Cybersecurity Programme

This indicator assesses the management programmes that a company has in place to minimize the risk of cybersecurity incidents. Performance is determined by assessing the company's programmes, policies and processes related to cybersecurity against industry standards, regulations and best practice. These include defined cybersecurity governance, mandatory cybersecurity training, and plans related to incident response and business continuity.

Raw Score	Weight	Weighted Score
100	50.00%	50.0

The company has a very strong programme

Criteria

- Regular employee training on cybersecurity issues
- Governance structures in place for cybersecurity management
- Regular external security audits or vulnerability assessments of the company's systems, products and practices affecting user data

S.3.1.3.1 - Data Privacy Programme

This indicator assesses the strength of a company's privacy governance and best practice suite of privacy management controls.

Raw Score	Weight	Weighted Score
25	35.00%	8.8

The company has a weak programme

Criteria

- Data subjects can access their accounts to erase, rectify, complete or amend personal information
- Regular employee training on data privacy management
- Regular privacy risk assessments or audits on the company's technologies and practices affecting user data
- Governance structures in place for privacy management
- Clear and accessible mechanisms for data subjects to raise concerns about data privacy

Appendix

Management Details

- Regular internal security audits or vulnerability assessments or penetration testing of the company's systems, products and practices affecting user data
- Management system certified to ISO 27001 standards
- Operational measures to monitor and respond to data breaches and cyberattacks

Citations

Elbit Systems Ltd. ESG Report 2019 -2020 (FY2020)

Appendix

Exposure Details



Human Capital

EA.E.22 - Labour Relations

Beta Signal

0.00

No evidence of relevant controversies

EA.F.1 - Operating Performance

Beta Signal

0.00

The company has an average net income margin.

Average Net Income Margin (Trailing 3 Years): 5.12%
 Subindustry Median (Trailing 3 Years): 5.12%
 Source: Morningstar, January 2023. All Rights Reserved.,

EA.F.2 - Solvency

Beta Signal

0.00

The company has an average debt-equity ratio.

Average Debt to Equity Ratio (3 Period Exponentially Weighted
 Average as of January 2023): 0.51
 Subindustry Median (3 Period Exponentially Weighted Average as of
 January 2023): 0.41
 Source: Morningstar, January 2023. All Rights Reserved.,

EA.F.3 - Financial Flexibility

Beta Signal

0.02

The company has a weak cash flow ratio.

Average Free Cash Flow Ratio (Trailing 3 Years): 1.08%
 Subindustry Median (Trailing 3 Years): 5.46%
 Source: Morningstar, January 2023. All Rights Reserved.,

EA.F.4 - Asset Performance

Beta Signal

0.00

The company has an average return on assets.

Average Return on Assets (Trailing 3 Years): 3.19%
 Subindustry Median (Trailing 3 Years): 3.45%
 Source: Morningstar, January 2023. All Rights Reserved.,

EA.S.1 - Qualitative Overlay

Beta Signal

0.00

Answer category for neutral beta signal adjustment

Appendix

Exposure Details

EA.S.2 - Subindustry Correction Factor

Beta Signal

0.00

EA.S.3 - Exceptional Event Adjustment

Beta Signal

0.00

Appendix

Management Details

S.1.1 - Freedom of Association Policy

This indicator assesses a company's formal commitment to respect its workers' right to join associations or unions, to organize and to bargain collectively. This includes commitments made in a company's code of conduct or ethics, or in a dedicated policy. A commitment to allow such activities, along with a reference to core ILO conventions receives the highest weighting for this indicator. A commitment, without referring to ILO conventions, is also rewarded but it is given a lower weighting. Additionally, mentioning ILO conventions, or other international initiatives without a statement, can also be scored under this indicator.

Raw Score	Weight	Weighted Score
20	7.50%	1.5

There is no evidence of a formal policy but the company has a general statement addressing this issue

Citations

Elbit Systems Ltd. ESG Report 2019 -2020 (FY2020)

S.1.2 - Discrimination Policy

This indicator assesses the quality of a company's policy to prohibit workplace discrimination and ensure equal opportunity. Criteria for assessment of the policy include listing the types of discrimination the company is committed to eliminate, committing to provide equal employment and career development opportunities, and making explicit reference to at least one of the relevant ILO conventions. Higher weighting is assigned if the company's policy includes all the aforementioned requirements and a lower weighting is given if the company only discloses a generic statement that does not qualify as a formal policy.

Raw Score	Weight	Weighted Score
25	5.00%	1.3

The company has a weak policy

Criteria

- Reference to the ILO conventions
- List of the types of discrimination the company is committed to eliminate
- Commitment to ensure equal opportunity

Citations

Elbit Systems Ltd. ESG Report 2019 -2020 (FY2020)

S.1.3 - Diversity Programmes

The indicator assesses the quality of a company's programme to promote workforce diversity. Criteria for assessment include: having managerial or board-level oversight of diversity initiatives; targeted recruitment initiatives aimed at groups that may face disadvantages (e.g. women, minorities, indigenous people and people with disabilities); offering training and guidance regarding diversity; and performing diversity audits at different levels of management within the company.

Raw Score	Weight	Weighted Score
50	12.50%	6.2

The company has an adequate programme

Criteria

- Diversity monitoring or audits
- Initiatives to recruit from diverse talent
- Employee affinity groups, diversity councils, or networking groups
- Mentorship programmes
- Managerial or board level responsibility for diversity initiatives
- Training and guidance regarding diversity
- Initiatives supporting a diverse workforce
- The company has a programme that applies to less than 50% of operations

Citations

Elbit Systems Ltd. ESG Report 2019 -2020 (FY2020)

S.1.4 - Collective Bargaining Agreements

This indicator assesses performance based on the percentage of employees that are covered by collective bargaining agreements or collective labour contracts. Additional weighting is also given to companies that operate in countries where collective bargaining is the norm or is required by law. Limited weighting is given if a company reports only on the share of unionized employees. One exception to this is companies reporting in Japan, where labour unions are in-house. In such cases, assessment is based on the percentage of workers that represent the in-house labour union.

Raw Score	Weight	Weighted Score
50	17.50%	8.7

25-50% of the company's employees are covered by collective bargaining agreements

Citations

Elbit Systems Ltd. Annual Report 2021 (FY2020/2021)

Appendix

Management Details

S.1.5 - Employee Turnover Rate

The indicator assesses the ratio of the number of workers who left a company to the average number of workers remaining at the end of the financial year and compares it with the previous year. The assessment includes permanent full-time and part-time employees, while temporary workers are not included. Employee turnover refers to employees who leave the organization voluntarily or due to dismissal, retirement or death in service.

Raw Score	Weight	Weighted Score
50	17.50%	8.7

The company's employee turnover rate is average

Citations

Elbit Systems Ltd. ESG Report 2019 -2020 (FY2020)

S.1.5.2 - Human Capital Development

The indicator assesses the strength of a company's human capital development programme to recruit and retain talent in order to avoid risks related to skilled labour shortages. Criteria for assessment include talent recruitment initiatives such as partnerships with universities, talent development initiatives such as leadership training programmes, and talent retention initiatives such as flexible working hours and childcare. Additional credit is given for identifying, and reporting in detail, risks related to human capital management.

Raw Score	Weight	Weighted Score
75	32.50%	24.4

The company has a strong programme

Criteria

- Regular formal performance reviews for all permanent employees aligned with career development
- Initiatives for talent development
- Reporting on human capital development metrics
- Initiatives for talent recruitment
- Initiatives for talent retention
- Reporting on human capital risk assessment
- Formal mechanisms to promote an open feedback culture
- Quantitative targets related to human capital development

Citations

Elbit Systems Ltd. Annual Report 2021 (FY2020/2021)

Elbit Systems Ltd. ESG Report 2019 -2020 (FY2020)

S.1.6.1 - Employee Training

This indicator assesses the average number of training days per employee per year. The highest score is given to companies that provide employees with 15 or more days of training annually, while companies that provide fewer days of training or lack disclosure on training days receive a lower score.

Raw Score	Weight	Weighted Score
0	7.50%	0.0

Employees receive less than 5 days of training annually

Citations

Elbit Systems Ltd. ESG Report 2019 -2020 (FY2020)

Appendix

Exposure Details



Corporate Governance

EA.CG.1 - Largest Shareholder Voting Power

Beta Signal

0.07

No single shareholder or shareholder grouping controls more than 50% of voting power.

EA.E.13 - Corporate Governance

Beta Signal

0.00

No evidence of relevant controversies

EA.S.1 - Qualitative Overlay

Beta Signal

0.00

Answer category for neutral beta signal adjustment

EA.S.3 - Exceptional Event Adjustment

Beta Signal

0.00

Appendix

Management Details

G.2.10.2 - Audit Committee Experience

This indicator assesses whether the audit committee members qualify as financial experts and have relevant executive and/or board experience. Executive or board experience is defined as having either served in a senior executive role of another private or public company or on the board of another public company, respectively. Such experience is generally considered relevant if attained in the same (or adjacent) industries/sectors as the company under analysis.

Raw Score	Weight	Weighted Score
25	7.00%	1.8
There is a weak industry and/or financial expertise among the independent audit committee members		

Criteria

- The audit committee includes at least one independent member with industry expertise.
- The audit committee includes at least two independent members with industry expertise.
- The audit committee includes at least one independent member with financial expertise.
- The audit committee includes at least two independent members with financial expertise.

Citations

Elbit Systems Ltd. Annual Report 2021 (FY2020/2021)

G.2.10.3 - Audit Committee Independence

This indicator assesses the percentage of independent directors on the audit committee, as defined by Sustainalytics' in-house criteria for judging director independence. Sustainalytics' independence assessment is fundamentally based on the nominal independence classification as provided by the company. However, we do reclassify nominally independent directors as non-independent based on such factors as, for example, long tenure, transactions with the company, and not having served an adequate cooling-off period following the end of an executive role.

Raw Score	Weight	Weighted Score
100	7.00%	7.0
The company has a strong audit committee independence		

Further Quantitative Criteria Details

FY: 2021 Source: reported

Metric	Metric Value
Independent Audit Committee Members - Percentage	100 %

Citations

Elbit Systems Ltd. Annual Report 2021 (FY2020/2021)

G.2.12.2 - Remuneration Committee Independence

This indicator assesses the remuneration committee's composition and its level of independence. The committee members' independence is determined per Sustainalytics criteria, which may differ from those of the company. Our independence assessment is fundamentally based on the nominal independence classification as provided by the company. However, we do reclassify nominally independent directors as non-independent based on such factors as, for example, long tenure, transactions with the company, and not having served an adequate cooling off period following the end of an executive role.

Raw Score	Weight	Weighted Score
100	6.00%	6.0
The remuneration committee's independence is strong		

Further Quantitative Criteria Details

FY: 2021 Source: reported

Metric	Metric Value
Independent Remuneration Committee Members - Percentage	100 %

Citations

Elbit Systems Ltd. Annual Report 2021 (FY2020/2021)

G.2.14 - Voting Proportionality

This indicator assesses whether a company has in place any mechanism that violates the proportionality of voting power and economic investment. Examples of such mechanisms include golden shares, differential voting rights based on the duration of share ownership, and cross-shareholding.

Raw Score	Weight	Weighted Score
100	10.00%	10.0
The company has a strong programme		

Criteria

- There are no other violations of the "one share, one vote" principle.
- There are no cross-shareholdings with other entities.
- Voting rights are not differentiated by duration of ownership.
- There are no caps on voting rights.
- There are no golden shares.
- The largest shareholder does not secure control through control-enhancing mechanisms.
- There are no supervoting shares.

Appendix

Management Details

G.2.15 - Nominating Committee Independence

This indicator assesses the percentage of independent directors on the nominating committee, as defined by Sustainalytics' in-house criteria for judging director independence. Sustainalytics' independence assessment is fundamentally based on the nominal independence classification as provided by the company. However, we do reclassify nominally independent directors as non-independent based on such factors as long tenure, transactions with the company, and not having served an adequate cooling-off period following the end of an executive role.

Raw Score	Weight	Weighted Score
100	6.00%	6.0

The company has a strong level of nominating committee independence

Further Quantitative Criteria Details

FY: 2021 Source: reported

Metric	Metric Value
Independent Nominating Committee Members - Percentage	100 %

Citations

Elbit Systems Ltd. Annual Report 2021 (FY2020/2021)

G.2.17 - Shareholder Dissent

This indicator assesses the voting results for the company's two most recent AGMs, as well as EGMs held within the same time period, to determine whether any agenda item received shareholder dissent exceeding 30 percent of the votes cast. Dissent is expressed as votes against management/board proposals and votes cast for against shareholder proposals in a manner contrary to the board's recommendation. For the purpose of evaluating the percentage of dissent, abstentions and withheld votes are counted as votes against.

Raw Score	Weight	Weighted Score
0	3.00%	0.0

The company does not disclose voting results

Citations

Elbit Systems Ltd. Annual General Meeting December 2021
 Elbit Systems Ltd. Annual General Meeting November 2022
 Elbit Systems Ltd. Notice of AGM, December 2021
 Elbit Systems Ltd. Notice of AGM, November 2022

G.2.16 - Board Committee Structure

The assessment criteria includes whether the board has established an Audit, a Remuneration and a Nominating Committee and whether the membership of these committees includes a controlling shareholder representative. A controlling shareholder is a single person, entity or group that holds more than 50 percent of the voting power.

Raw Score	Weight	Weighted Score
100	6.00%	6.0

The company has a strong committee structure

Criteria

- The company has established an Audit Committee
- There are no representatives of the controlling shareholder on the Audit Committee
- The company has established a Remuneration Committee
- There are no representatives of the controlling shareholder on the Remuneration Committee
- The company has established a Nominating Committee
- There are no representatives of the controlling shareholder on the Nominating Committee

Citations

Elbit Systems Ltd. Annual Report 2021 (FY2020/2021)

G.2.3.2 - Executive Compensation Clawback

The indicator assessment verifies whether the company has disclosed that executive compensation is subject to clawback provisions. Provisions that do not require executive misconduct to be implemented are considered more robust because they give the board flexibility to recoup awards regardless of whether an individual was personally involved.

Raw Score	Weight	Weighted Score
100	3.00%	3.0

The company has a strong programme

Criteria

- The company has clawback provisions in place, providing for recoupment of executive incentive payouts.
- The clawback provisions do not require malfeasance or misconduct on the part of the executive in order for the recoupment of incentive payouts.

Citations

Elbit Systems Ltd. Proxy Statement, March 2021

Appendix

Management Details

G.2.3.3 - CEO Pay Magnitude (Industry)

This indicator is assessed by comparing the three-year average of the company's total CEO remuneration to the median CEO remuneration across companies of a similar size (as measured by market capitalization) in the same industry group.

Raw Score	Weight	Weighted Score
100	2.00%	2.0

The company's CEO remuneration is in line with its industry benchmark

G.2.3.4 - CEO Pay Magnitude (Region)

This indicator is assessed by comparing the three year average of the company's total CEO remuneration to the median CEO remuneration across companies of a similar size (as measured by market capitalization) headquartered in the same region.

Raw Score	Weight	Weighted Score
40	2.00%	0.8

The company's CEO remuneration is above its regional benchmark

G.2.3.5 - Say on Pay

This indicator assesses whether the company submits executive remuneration items to a shareholder vote at the AGM, drawing a distinction between voting rights for the remuneration policy and voting rights for the remuneration report. Remuneration policies are considered "ex ante" (forward-looking) documents that describe the company's general approach to remuneration, while remuneration reports are "ex post" (backward-looking) documents that describe the company's remuneration practices over the past year. The indicator further evaluates whether these votes carry an advisory or binding effect, and also assesses the existence of a separate vote for the approval of equity remuneration plans.

Raw Score	Weight	Weighted Score
50	4.00%	2.0

The company has an adequate programme

Criteria

- Shareholders have an advisory vote on prospective pay decisions, i.e. the remuneration policy
- Shareholders have a binding vote on prospective pay decisions, i.e. the remuneration policy
- Shareholders have an advisory vote on retrospective pay decisions, i.e. the remuneration report
- Shareholders have a binding vote on retrospective pay decisions, i.e. the remuneration report
- Shareholders must approve equity executive remuneration plans

G.2.6.2 - Long-Term Incentive Programme

Assessment criteria include the time period over which long-term performance is measured, ranging from greater than one year to five years, the proportion of the LTI award that is equity-based, whether clear metrics and targets are disclosed and whether these include specific ESG-related goals.

Raw Score	Weight	Weighted Score
25	6.00%	1.5

The company has a weak programme

Criteria

- The target LTI award is linked to sustainability-related performance metrics with disclosed targets.
- Half or more of the target LTI award is linked to performance metrics with disclosed targets.
- Half or more of the target LTI award is paid out as performance-based equity awards.
- Half or more of the target LTI award is based on performance metrics measured over a period of five years or more.
- Half or more of the target LTI award is based on performance metrics measured over a period of three years or more.
- Actual LTI payouts are disclosed.
- The company discloses an LTI programme.

Citations

Elbit Systems Ltd. Annual Report 2021 (FY2020/2021)

G.2.6.3 - Short-Term Incentive Programme

The assessment is based on a company's disclosure of its STI programme and the amount that is paid out under the programme. Assessment criteria focus on whether at least half of the STI programme is linked to performance metrics and whether the company discloses targets relating to these metrics. Additionally, explicit consideration is given to whether sustainability metrics and associated targets are incorporated into the programme.

Raw Score	Weight	Weighted Score
75	5.00%	3.8

The company has a strong programme

G.2.7.2 - Board Gender Representation Target

This indicator evaluates a company's targets for board gender representation by determining whether the targets are articulated in qualitative or quantitative terms, checking their alignment with international standards, and ascertaining if there are set timelines for their realization.

Raw Score	Weight	Weighted Score
75	2.00%	1.5

The company has a strong target

Criteria

Appendix

Management Details

Criteria

- Half or more of the target STI award is linked to performance metrics with disclosed targets
- Actual STI payouts are disclosed
- Half or more of the target STI award is linked to performance metrics
- The company discloses an STI programme
- The target STI award is linked to sustainability-related performance metrics with disclosed targets

Citations

Elbit Systems Ltd. Annual Report 2021 (FY2020/2021)
 Elbit Systems Ltd. Proxy Statement, March 2021

- The company's board gender representation quantitative targets are tied to specific timelines
- The company's board gender representation quantitative targets are aligned with international standards
- The company has a quantitative target for board gender representation.
- The company states it aims to ensure gender representation or considers gender during the recruitment of directors.

Citations

Elbit Systems Ltd. Proxy Statement, October 2022

G.2.7.3 - Board Gender Diversity

This indicator assesses directors' gender self-identification disclosure to determine the level of board representation for each male, female and non-binary director. The assessment then measures the extent to which these three gender identities have a balanced representation on the board. For the purpose of this assessment, "non-binary" encompasses all gender identities that are not captured within the male/female dichotomy. Additionally, the assessment presupposes that a company's reporting on the gender makeup of its board is established through directors' self-reported gender identification.

Raw Score	Weight	Weighted Score
66	3.00%	2.0

The company's board has an adequate gender balance

Further Quantitative Criteria Details

FY: 2021 Source: reported

Metric	Metric Value
Majority Gender on Board - Percentage	66.7 %

G.2.8.2 - Risk Oversight

This indicator assesses the strength of a company's risk management system, with a focus on whether the main risks are identified and a risk management framework is in place. The role of the board in the risk management system is also evaluated in order to determine whether the whole board or, optimally, a board committee is responsible for overseeing industry-specific risks. Finally, disclosure on mitigation measures for industry-specific risks is analyzed. Mitigation measures are those that aim to control the impact that the risks potential occurrence could have on the company's performance (i.e. how the company responds to and supervises risks).

Raw Score	Weight	Weighted Score
50	5.00%	2.5

The company has an adequate management system

Criteria

- The company has a risk management framework in place
- The company identifies and assesses the main risks faced by the business
- There is a separate board committee in charge of oversight of industry-specific risks
- There is board-level oversight of industry-specific risks
- The company discloses risk mitigation measures for industry-specific risk

Citations

Elbit Systems Ltd. Annual Report 2021 (FY2020/2021)
 Elbit Systems Ltd. ESG Sustainability Report

Appendix

Management Details

G.2.8.3 - Board Executive Experience

This indicator assesses whether a director has executive experience, defined as having served in a senior executive role of a public or private company. Such experience is generally considered relevant if it is attained in the same (or adjacent) industry as the company being assessed, with emphasis placed on the transferability of skills acquired at the other company to the directors current role. Experience in academic institutions or the public sector are not generally considered relevant. Experience gained at companies from within the same conglomerate as the company under analysis is excluded from the assessment.

Raw Score	Weight	Weighted Score
100	5.00%	5.0

The company's board has adequate executive expertise

Further Quantitative Criteria Details

FY: 2023 Source: reported

Metric	Metric Value
Board Experience (from Executive Positions)	3

Citations

Elbit Systems Ltd. Annual Report 2021 (FY2020/2021)
 Elbit Systems Ltd. Corporate Website, Board of directors, elbitsystems.com, accessed 8 March 2023

G.2.8.4 - Board Non-Executive Experience

This indicator assesses whether a director has non-executive experience, defined as having served in a non-executive role of a public company. Such experience is generally considered relevant if it is attained in the same (or adjacent) industry as the company being assessed, with emphasis placed on the transferability of skills acquired at the other company to the directors current role. Experience in academic institutions or the public sector are not generally considered relevant. Experience gained at companies from within the same conglomerate as the company under analysis is excluded from the assessment.

Raw Score	Weight	Weighted Score
0	5.00%	0.0

Based on available evidence, the company's board does not have any relevant non-executive expertise

Further Quantitative Criteria Details

FY: 2023 Source: reported

Metric	Metric Value
Board Experience (from Non-Executive Positions)	0

Citations

Elbit Systems Ltd. Annual Report 2021 (FY2020/2021)
 Elbit Systems Ltd. Corporate Website, Board of directors, elbitsystems.com, accessed 8 March 2023

G.2.8.5 - Board Effectiveness

This indicator assesses the independence of the board's leadership, evaluating the separation of the CEO and chairperson roles and, when the roles are separate, whether the chairperson role is held by an executive or independent director. When a non-independent chair has been identified, the assessment further verifies whether a senior/lead independent director, or alternatively, an independent vice-chair has been appointed to counterweight the non-independent board leadership. Additionally, if the chairperson is considered independent by Sustainalytics' in-house criteria, the assessment evaluates the relevance of their board, executive and/or financial experience. The assessment also evaluates the presence of one or more non-executive directors sitting on an excessive number of boards. Directors are generally considered overcommitted if they serve on a total of five or more public companies' boards, although combined CEO/chairperson roles, executive directorships and chairpersonships are assigned additional weight in this calculation.

Raw Score	Weight	Weighted Score
75	6.00%	4.5

The company has a strong level of board effectiveness

Criteria

- The chair does not concurrently hold any executive role.
- The chair is independent.

G.2.9.2 - Board Independence

This indicator assesses the percentage of independent directors on the board, as defined by Sustainalytics' in-house criteria for judging director independence. Sustainalytics' independence assessment is fundamentally based on the nominal independence classification as provided by the company. However, we do reclassify nominally independent directors as non-independent based on such factors as long tenure, transactions with the company, and not having served an adequate cooling-off period following the end of an executive role.

Raw Score	Weight	Weighted Score
75	7.00%	5.3

The company has an adequate level of board independence

Further Quantitative Criteria Details

FY: 2021 Source: reported

Metric	Metric Value
Independent Board Members - Percentage	55.6 %

Citations

Elbit Systems Ltd. Annual Report 2021 (FY2020/2021)

Appendix

Management Details

- The chair has relevant financial and/or industry experience and is independent.
- None of the non-executive directors serves on an excessive number of outside boards.
- No more than one non-executive director serves on an excessive number of outside boards.
- The chair and CEO roles are separate.
- The company has appointed a chairperson of the board.
- A senior or lead independent director or an independent vice-chair has been appointed in conjunction with the non-independent chair.

Citations

Elbit Systems Ltd. Annual Report 2021 (FY2020/2021)

Appendix

Exposure Details



Carbon - Own Operations

EA.E.15 - Energy Use and GHG Emissions

Beta Signal

0.00

No evidence of relevant controversies

EA.F.1 - Operating Performance

Beta Signal

0.00

The company has an average net income margin.

Average Net Income Margin (Trailing 3 Years): 5.12%
 Subindustry Median (Trailing 3 Years): 5.12%
 Source: Morningstar, January 2023. All Rights Reserved.,

EA.F.2 - Solvency

Beta Signal

0.00

The company has an average debt-equity ratio.

Average Debt to Equity Ratio (3 Period Exponentially Weighted
 Average as of January 2023): 0.51
 Subindustry Median (3 Period Exponentially Weighted Average as of
 January 2023): 0.41
 Source: Morningstar, January 2023. All Rights Reserved.,

EA.F.3 - Financial Flexibility

Beta Signal

0.02

The company has a weak cash flow ratio.

Average Free Cash Flow Ratio (Trailing 3 Years): 1.08%
 Subindustry Median (Trailing 3 Years): 5.46%
 Source: Morningstar, January 2023. All Rights Reserved.,

EA.F.4 - Asset Performance

Beta Signal

0.00

The company has an average return on assets.

Average Return on Assets (Trailing 3 Years): 3.19%
 Subindustry Median (Trailing 3 Years): 3.45%
 Source: Morningstar, January 2023. All Rights Reserved.,

EA.P.1 - Carbon Emissions

Beta Signal

0.00

The company's carbon emissions intensity is in line with the industry
 median

Elbit Systems Ltd. Sustainability Report 2021

Appendix

Exposure Details

EA.S.1 - Qualitative Overlay

Beta Signal

0.00

.....
Answer category for neutral beta signal adjustment
.....

EA.S.2 - Subindustry Correction Factor

Beta Signal

0.00

EA.S.3 - Exceptional Event Adjustment

Beta Signal

0.00

.....

Appendix

Management Details

E.1.1 - Environmental Policy

The indicator assesses a company's commitments to protect the environment. The highest weighting is given for commitments to follow a precautionary approach to environmental issues, create environmental awareness, implement an environmental management system, and reduce the use of natural resources, waste, emissions and releases. Additionally, lower weighting is attributed for committing to monitor and report on environmental Key Performance Indicators and consult with external stakeholders on environmental issues.

Raw Score	Weight	Weighted Score
50	2.50%	1.3

The company has an adequate policy

Criteria

- Commitment to environmental protection
- Approved by senior management or the board of directors
- Commitment to reduce emissions, releases and waste
- Commitment to create environmental awareness
- Commitment to implement an environmental management system
- Commitment to monitor the company's environmental performance
- Commitment to consult with stakeholders on environmental issues
- Commitment to report regularly on environmental issues
- Commitment to use natural resources or energy more efficiently

Citations

Elbit Systems Ltd. EHS Policy, released June 2022

E.1.11 - Renewable Energy Use

Indicator assessment is based on the percentage of renewable energy sources a company uses out of its total energy use (primary and secondary) in its own operations and activities. Companies that disclose data only on the share of renewable energy used in their electricity consumption are assessed only if data on total energy use is available.

Raw Score	Weight	Weighted Score
0	12.50%	0.0

The company does not consume renewable energy

E.1.10 - Carbon Intensity Trend

This indicator is assessed using emissions data. Carbon intensity is calculated as the sum of scope 1 and scope 2 emissions for the current baseline year, expressed in tonnes of carbon dioxide equivalent (t CO2 eq) per revenue in million local currency for the same baseline year. The intensity trend is calculated by comparing the positioning of a company's current performance against its three-year intensity figure. Performance is determined based on the company's intensity trend relative to the one of its subindustry or industry.

Raw Score	Weight	Weighted Score
0	15.00%	0.0

The company's carbon intensity trend shows an increase of 25% or more over the last 3 years

Elbit Systems Ltd. Sustainability Report 2021

	2022
Carbon Intensity Trend (%)	66.08

E.1.2 - Environmental Management System

The quality and scope of a company's environmental management system (EMS) is assessed based on 13 criteria with equal weights, developed based on the requirements of the ISO 14001-2015 EMS certification standard. A company can have its EMS implemented company-wide or per business unit or production site. An EMS of a company can be certified to external reputable, international standards with similar scope as the ISO 14001, such as the EMAS, RC 14001, GB/T 24001, IEnvA. A lower score is assigned if the company discloses some EMS-related activities but does not have a formal EMS. An Environmental Management System (EMS) is a set of processes and practices that enable an organization to reduce its environmental impacts and increase its operating efficiency¹. An EMS helps an organization achieve its environmental goals through consistent review, evaluation, and improvement of its environmental performance. EMSs are based on the assumption that consistent review and evaluation will identify opportunities for improving and implementing the environmental performance of the company. The ISO 14001 standard certification is the most widely used EMS in the world hence its use in the assessment of this indicator.

Raw Score	Weight	Weighted Score
100	10.00%	10.0

The company has a very strong EMS

Criteria

- Training and awareness programmes for employees

Appendix

Management Details

- Internal environmental audits
- Monitoring and measurement
- Managerial or board level responsibility for environmental issues
- External environmental audits
- Identification of products, activities and services that have significant impacts on the environment
- Internal and external communications on environmental management issues
- Objectives, targets and deadlines
- Compliance with environmental regulation
- Assigned roles and responsibilities
- Environmental programmes
- Corrective actions to stimulate continual improvement
- Environmental performance records

Citations

Elbit Systems Ltd. EHS Report 2021 (FY2021)

E.1.3 - EMS Certification

This indicator assesses the percentage of a company's business units or production sites certified to an external environmental management system (EMS) standard, such as the ISO 14001-2015 or similar (EMAS, RC 14001, GB/T 24001, IEnvA etc.). An Environmental Management System (EMS) is a set of processes and practices that enable an organization to reduce its environmental impacts and increase its operating efficiency¹. An EMS helps an organization achieve its environmental goals through consistent review, evaluation, and improvement of its environmental performance. EMSs are based on the assumption that consistent review and evaluation will identify opportunities for improving and implementing the environmental performance of the company. The ISO 14001 standard certification is the most widely used EMS in the world hence its use in the assessment of this indicator.

Raw Score	Weight	Weighted Score
75	12.50%	9.4

Between 75% and 90% of the company's activities have received external certification

Citations

Elbit Systems Ltd. EHS Report 2021 (FY2021)

E.1.6 - Scope of GHG Reporting

This indicator seeks full disclosure of GHG emissions that are relevant to a company's business activities, based on guidance established by the Greenhouse Gas Protocol. This includes emissions generated from within a company's operational boundary (i.e. scope 1 and 2 emissions) as well as those generated indirectly through end-product use or other supply chain activities (i.e. scope 3 emissions), if relevant. Individually, each emission scope (scope 1, 2 or 3) receives equal weighting, while full disclosure of all three receives the highest score.

Raw Score	Weight	Weighted Score
0	5.00%	0.0

The company does not report on GHG emissions

Criteria

- Based on available evidence, the company does not disclose any GHG emissions
- The company only discloses total emissions, without disclosing by emission scope
- The company discloses scope 3 emissions with category split
- The company discloses scope 3 emissions as a total
- The company discloses scope 2 emissions
- The company discloses scope 1 emissions

Citations

Elbit Systems Ltd. GHG Verification Statement, released June 2022

Appendix

Management Details

E.1.6.1 - GHG Risk Management

Strategic consideration of transitional risk and opportunities, through integration into the company’s overall risk management processes, followed by evidence of board-or executive-level oversight of transitional risk and opportunity. Reporting on specific risk and opportunity identified in a company’s own operations, and detailed by timeframe and expected magnitude, is also assessed, as is recognition of the potential impacts of transitional risk and opportunity, even if detailed disclosure on risk management is not present.

Raw Score	Weight	Weighted Score
25	10.00%	2.5

The company has a weak risk management programme

Criteria

- Organisational responsibility for climate-related transition risk
- Climate-related responsibilities to management level positions or committees
- Board level responsibility for climate-related transition risk
- Management embeds and integrates transition risk into wider business processes and procedures
- Recognition and description of climate change related transition risks including downside risks and opportunities identified by the organisation over the short, medium and long term
- Description of the impact of climate change related transition risks including downside risks and opportunities on business strategy and financial planning
- Prioritisation of adaptation and mitigation plans and measures associated with transition risks, with integration into business and financial planning including Capex spent and/or R
- Description of the resilience of the strategy, taking into account different climate scenarios -qualitatively relating to previously disclosed transition risks and opportunities
- Description of the resilience of the strategy, taking into account different climate scenarios -utilising quantitative scenario analysis - relating to previously disclosed transition risks and opportunities
- There is no reporting available yet, but the company does have a commitment to report on any of the above over the next three years

Citations

Elbit Systems Ltd. EHS Report 2021 (FY2021)

E.1.7.0 - GHG Reduction Programme

This indicator assesses a company’s programmes initiatives to reduce and manage the release of GHG emissions within its operational boundary, including improvements in energy efficiency and process changes, as well as the strength of targets (i.e. alignment with strong decarbonisation pathways), given the current need to decarbonise at an accelerated rate.

Raw Score	Weight	Weighted Score
50	12.50%	6.3

The company has an adequate programme

Criteria

- GHG reduction target
- Regular GHG audits or verification
- GHG emissions monitoring and measurement
- Adoption of key mitigation technologies
- Initiatives are linked to wider TCFD reporting
- Demonstration of how initiatives put in place close the emissions gap between current performance and the targeted emissions reduction
- Initiatives in place to reduce emissions
- Interim targets
- Net Zero and Science Alignment
- Emissions reduction coverage

Citations

Elbit Systems Ltd. EHS Report 2021 (FY2021)
 Elbit Systems Ltd. ESG Report 2019 -2020 (FY2020)
 Elbit Systems Ltd. GHG Verification Statement, released June 2022

Appendix

Management Details

E.1.8 - Renewable Energy Programmes

The indicator assesses if a company has taken initiatives or has programmes to increase the use of renewable energy for its own operations. It gives particular importance to whether the company has set quantitative targets at the group level with clear timelines to achieve them. The assessment takes into consideration the quality of the renewable energy integration by assessing the route taken by a company to generate or consume renewable energy e.g. embedded on site generation or use of market instruments as outlined by the GHG Mitigation Hierarchy.

Raw Score	Weight	Weighted Score
50	5.00%	2.5

The company has an adequate programme but utilises renewable energy

Criteria

- The company has a formal programme which covers more than 50% of operations
- The use of renewable energy is via a combination of the above
- The use of renewable energy is solely via the use of decentralized or embedded site renewables, or offsite company-funded renewable energy projects
- The use of renewable energy is solely via the use of corporate or other direct wire PPAs, green tariff energy, and renewable integrated grid
- The use of renewable energy is solely via the use of Virtual Power Purchase Agreements (VPPAs) and other market instruments of this type (for example RECs/ROCs), or other mechanisms which facilitate wider use of renewable energy, but are not direct wire nor offsetting mechanisms
- The company has a formal programme which covers less than 50% of operations
- There are a clear set of initiatives in place to aid in the use of renewable energy
- The company has a target with a deadline to increase renewable energy use

Citations

Elbit Systems Ltd. EHS Report 2021 (FY2021)

E.1.9 - Carbon Intensity

This indicator is assessed using a company's emissions data. Carbon intensity is calculated as the sum of scope 1 and scope 2 emissions for the current baseline year, expressed in tonnes of carbon dioxide equivalent (t CO2 eq) per million US dollars of revenue for the same baseline year. Performance is determined based on the positioning of a company's calculated intensity figure relative to its subindustry or industry benchmark.

Raw Score	Weight	Weighted Score
50	15.00%	7.5

The company's carbon emissions intensity is in line with the industry median

Elbit Systems Ltd. Sustainability Report 2021

	2022
Industry Median	23.75
Carbon Intensity (t/million USD)	24.58

Appendix

Exposure Details



Human Rights - Supply Chain

EA.E.42 - Labour Relations - SC

Beta Signal
0.00

No evidence of relevant controversies

EA.E.44 - Occupational Health and Safety - SC

Beta Signal
0.00

No evidence of relevant controversies

EA.E.49 - Employees - Human Rights - SC

Beta Signal
0.00

No evidence of relevant controversies

EA.E.50 - Society - Human Rights - SC

Beta Signal
0.00

No evidence of relevant controversies

EA.F.1 - Operating Performance

Beta Signal
0.00

The company has an average net income margin.

Average Net Income Margin (Trailing 3 Years): 5.12%
Subindustry Median (Trailing 3 Years): 5.12%
Source: Morningstar, January 2023. All Rights Reserved.,

EA.F.2 - Solvency

Beta Signal
0.00

The company has an average debt-equity ratio.

Average Debt to Equity Ratio (3 Period Exponentially Weighted Average as of January 2023): 0.51
Subindustry Median (3 Period Exponentially Weighted Average as of January 2023): 0.41
Source: Morningstar, January 2023. All Rights Reserved.,

EA.F.3 - Financial Flexibility

Beta Signal
0.02

The company has a weak cash flow ratio.

Average Free Cash Flow Ratio (Trailing 3 Years): 1.08%
Subindustry Median (Trailing 3 Years): 5.46%
Source: Morningstar, January 2023. All Rights Reserved.,

EA.F.4 - Asset Performance

Beta Signal
0.00

The company has an average return on assets.

Average Return on Assets (Trailing 3 Years): 3.19%
Subindustry Median (Trailing 3 Years): 3.45%
Source: Morningstar, January 2023. All Rights Reserved.,

Appendix

Exposure Details

EA.S.1 - Qualitative Overlay

Beta Signal

0.00

.....
Answer category for neutral beta signal adjustment
.....

EA.S.2 - Subindustry Correction Factor

Beta Signal

0.00

EA.S.3 - Exceptional Event Adjustment

Beta Signal

0.00

.....

Appendix

Management Details

S.2.1 - Scope of Social Supplier Standards

This indicator assesses a company's commitments to formally acknowledge and uphold human rights across its supply chain. Scoring for the indicator takes into account several criteria that are equally weighted such as workers' health and safety, minimum living wages and maximum working hours, freedom of association and the right to collective bargaining, child and forced labour, acceptable living conditions, non-discrimination, and disciplinary practices. Companies are scored higher based on the number of issues addressed in a formal policy. Reference to specific International Labour Organization (ILO) conventions is considered best practice.

Raw Score	Weight	Weighted Score
75	15.00%	11.2

The company has strong social supply chain standards

Criteria

- Addresses corporal punishment/disciplinary practices
- Addresses minimum living wages
- Addresses health and safety
- Addresses non-discrimination
- Addresses maximum working hours
- Addresses acceptable living conditions
- Addresses freedom of association and the right to collective bargaining
- Addresses forced labour
- Addresses child labour

Citations

Elbit Systems Ltd. Supplier Code of Conduct, released April 2022

S.2.1.3 - Conflict Minerals Policy

The indicator examines whether the issuer has a formal, company-wide policy and if the policy contains commitments to eliminate conflict minerals from products and supply chains and to conduct supply chain due diligence. A company is scored more favourably if its policy includes a commitment to source minerals from certified "conflict-free areas" within the DRC and adjoining countries to support economic development. However, if a company bans purchasing from the DRC and the surrounding region entirely, the policy will be assessed as weak, regardless of its other strengths, because such a blanket ban can have dire economic consequences.

Raw Score	Weight	Weighted Score
75	15.00%	11.2

The company has an adequate policy

Criteria

- A formal, company-wide policy
- Commitment to source minerals from certifiable conflict free areas within the DRC
- Commitment not to source minerals from the DRC and adjoining countries
- Commitment to proactive elimination of conflict minerals from products and the supply chain
- Commitment to conduct supply chain due diligence to assess risk exposure

Citations

Elbit Systems Ltd. Conflict Minerals Policy, released May 2018
 Elbit Systems Ltd. Human Rights Statement, released May 2021

S.2.1.3.1 - Conflict Minerals Programmes

Implementing robust supply chain due diligence measures that include smelter and refiner mapping are central to the assessment, as once the minerals are processed and refined, they lose their traceability to the mine from which they originated. The indicator also assesses the transparency of a company's reporting on its due diligence process and findings at the smelter/refiner level. Additionally, the indicator examines if internal and external audits of smelters and suppliers are carried out, and if companies are using a credible certification scheme to assist in their supplier selection process.

Raw Score	Weight	Weighted Score
75	30.00%	22.5

The company has a strong programme

Criteria

- Corrective actions to address non-compliance
- Transparent reporting on due diligence at the smelter/refinery level
- External audits of supplier assertions and of refiners/smelters
- Internal audits of smelters/refiners
- Mapping or identification of smelters/refiners in the supply chain
- Credible certification scheme to select smelters/refiners

S.2.2.2.1 - Supply Chain Management

Systematic consideration of supplier's social performance during procurement through pre-screening mechanisms, managerial responsibility for social issues in the supply chain, and regular internal and external audits are assigned high weighting in the indicator's assessment. The programme should apply to the majority of a company's main suppliers. The highest score can only be given if the programme in place also extends to second-tier suppliers.

Raw Score	Weight	Weighted Score
50	30.00%	15.0

The company has an adequate management system

Criteria

- Managerial responsibility for supply chain management
- Formal channels for supply chain workers to raise concerns
- Targets and deadlines related to supply chain management
- Regular training programmes for suppliers on labour rights issues
- Engagement with non-compliant suppliers to reach compliance
- Board-level responsibility for supply chain management
- Reporting on audit results

Appendix

Management Details

- Education of downstream suppliers about risks
- Multi-stakeholder engagement
- Assessment of minerals' country of origin
- Initiatives to reduce the use of raw materials that can be conflict minerals
- Public policy engagement
- Managerial responsibility for conflict minerals

Citations

Elbit Systems Ltd. Corporate Website, Conflict Mineral Report www.elbitsystems.com; released May 2022

- Is applicable to second-tier suppliers
- Regular internal supplier audits
- Engagement with NGOs, labour groups or industry peers on social supply chain issues
- Monitoring of supply chain non-compliance incidents or practices
- Regular external supplier audits
- Systematic consideration of suppliers' social performance during procurement
- Compliance with social standards included in legally binding agreements with suppliers

Citations

Elbit Systems Ltd. ESG Report 2019 -2020 (FY2020)

S.4.2.1 - Human Rights Policy

This indicator assesses a company's commitments to formally acknowledge and uphold human rights across its sphere of influence, including in the activities of its contractors, suppliers or other business partners. Scoring for the indicator is balanced across several different criteria, with commitments to adopt industry-specific human rights programmes, to correct negative human rights impacts and to apply human rights due diligence receiving a slightly higher weighting. Other considerations include whether a policy cites relevant international frameworks and if it commits to monitor human rights impacts and to adopt grievance mechanisms.

Raw Score	Weight	Weighted Score
40	10.00%	4.0

The company has a weak policy

Criteria

- Commitment to apply human rights due diligence or conduct risk assessments
- Commitment to adopt programmes to address industry-specific human rights exposure
- Commitment to monitor and report on human rights impacts
- Commitment to adopt grievance mechanisms
- Commitment to respect human rights following international standards
- Commitment to provide remedy to correct negative impacts
- Stipulation of the company's human rights expectations of personnel
- Approved at the most senior level of the business enterprise
- Stipulation of the company's human rights expectations of third parties
- Commitment to communicate the policy to personnel and external stakeholders

Citations

Elbit Systems Ltd. Human Rights Statement, released May 2021

Appendix

Exposure Details



Stakeholder Governance

EA.S.1 - Qualitative Overlay

Beta Signal
0.00

Answer category for neutral beta signal adjustment

EA.S.3 - Exceptional Event Adjustment

Beta Signal
0.00

EA.S.4 - Ownership

Beta Signal
0.00

The company is publicly traded.

Appendix

Management Details

E.1.1 - Environmental Policy

The indicator assesses a company's commitments to protect the environment. The highest weighting is given for commitments to follow a precautionary approach to environmental issues, create environmental awareness, implement an environmental management system, and reduce the use of natural resources, waste, emissions and releases. Additionally, lower weighting is attributed for committing to monitor and report on environmental Key Performance Indicators and consult with external stakeholders on environmental issues.

Raw Score	Weight	Weighted Score
50	8.50%	4.2

The company has an adequate policy

Criteria

- Commitment to report regularly on environmental issues
- Commitment to reduce emissions, releases and waste
- Commitment to use natural resources or energy more efficiently
- Commitment to environmental protection
- Commitment to create environmental awareness
- Approved by senior management or the board of directors
- Commitment to implement an environmental management system
- Commitment to monitor the company's environmental performance
- Commitment to consult with stakeholders on environmental issues

Citations

Elbit Systems Ltd. EHS Policy, released June 2022

E.1.7.0 - GHG Reduction Programme

This indicator assesses a company's programmes initiatives to reduce and manage the release of GHG emissions within its operational boundary, including improvements in energy efficiency and process changes, as well as the strength of targets (i.e. alignment with strong decarbonisation pathways), given the current need to decarbonise at an accelerated rate.

Raw Score	Weight	Weighted Score
50	9.50%	4.7

The company has an adequate programme

Criteria

- Regular GHG audits or verification
- GHG reduction target
- Emissions reduction coverage
- Net Zero and Science Alignment
- Interim targets
- Initiatives in place to reduce emissions
- Demonstration of how initiatives put in place close the emissions gap between current performance and the targeted emissions reduction
- Initiatives are linked to wider TCFD reporting
- Adoption of key mitigation technologies
- GHG emissions monitoring and measurement

Citations

Elbit Systems Ltd. EHS Report 2021 (FY2021)
 Elbit Systems Ltd. ESG Report 2019 -2020 (FY2020)
 Elbit Systems Ltd. GHG Verification Statement, released June 2022

E.2.1 - Supplier Environmental Policy

The indicator assesses whether the company has a formal policy that takes environmental considerations into account for selecting its suppliers and the products that are purchased. The highest weighting is given to policies that disclose a commitment to work with suppliers whose products and services have a lower environmental impact. A lower weighting is given if the company discloses a generic statement that does not qualify as a formal policy, or if the compliance requirements are unclear.

Raw Score	Weight	Weighted Score
60	3.50%	2.1

The company's green procurement initiatives are adequate

Criteria

- Policy addressing process related requirements
- Policy or initiatives addressing office products
- Policy addressing product related requirements
- Engagement with suppliers to improve environmental performance

G.1.1 - Bribery & Corruption Policy

This indicator assesses a company's commitments to mitigate risks posed by bribery and corruption. This includes commitments made within a company's code of conduct or ethics. Explicit prohibition of corruption or payment of bribes of any kind receives the highest weighting under this indicator, along with specific definitions as to what the company considers to be "bribery", "corruption", and "conflicts of interest". Additional consideration is given to defining and prohibiting the facilitation of payments, along with disclosure relating to what the company considers to be acceptable behaviour.

Raw Score	Weight	Weighted Score
100	10.50%	10.5

The company has a very strong policy

Criteria

- There is no evidence of a formal policy but the company has a general statement addressing the issue
- Definition and prohibition of facilitation payments
- Prohibition of bribery
- Definition of bribery or corruption

Appendix

Management Details

Citations

Elbit Systems Ltd. Supplier Code of Conduct, released April 2022

- Guidelines of what is considered acceptable behaviour
- Definition of conflicts of interest and commitment to minimize these

Citations

Elbit Systems Ltd. Anti-Bribery and Corruption Policy, released March 2019

Elbit Systems Ltd. Code of Business Conduct and Ethics, released April 2022

Elbit Systems Ltd. Entertainment and Gifts Policy, released March 2019

On Thursday, February 9, 2023, Sustainalytics sent Elbit Systems Ltd. the Sustainalytics ESG Feedback Report

G.1.2 - Whistleblower Programmes

The indicator assesses a company's whistleblower system, including whether it is actively promoted to employees. The highest weighting is given for disclosing the number of reports received, the types of misconduct reported, and the disciplinary measures taken. The assessment takes into account if the company has an independent hotline that is accessible 24/7, and whether the whistleblower system is available to third parties and in local languages. The indicator also assesses whether a company allows anonymous reporting, ensures whistleblowers' protection, and if it discloses its mechanisms to investigate reports.

Raw Score	Weight	Weighted Score
75	10.50%	7.9

The company has a strong programme

Criteria

- Structures in place to process whistleblower reports
- Disclosure on the number of reports received, the types of misconduct and measures taken
- Proactively communicated to employees
- Available to suppliers, customers and other third parties
- An independent, reporting hotline available 24/7
- Possibility for anonymous reporting and reports are treated confidentially
- Non-retaliation policy
- Available in local languages

Citations

Elbit Systems Ltd. Annual Report 2021 (FY2020/2021)

Elbit Systems Ltd. ESG Report 2019 -2020 (FY2020)

Elbit Systems Ltd. Whistleblower Policy, released April 2022

G.1.3 - Global Compact Signatory

The indicator identifies whether a company is a member of the UN Global Compact or if it is more than 50% owned by a signatory to the UN Global Compact. This is a binary assessment and the UN Global Compact database is used to assess the company's membership.

Raw Score	Weight	Weighted Score
0	6.50%	0.0

The company is not a signatory to the UN Global Compact

Citations

United Nations Global Compact, www.unglobalcompact.org; accessed 12 December 2022

Appendix

Management Details

G.1.4 - Tax Disclosure

This indicator assesses tax disclosure, referring to Action 13 of the Action Plan on Base Erosion and Profit Shifting developed by the Organisation for Economic Co-operation and Development (OECD) as best practice for reporting taxes. Companies that provide a detailed breakdown of the taxes paid per country are given a higher weighting in our assessment, whereas a lower weighting is given to companies that only report an overall tax amount, or only break down taxes into domestic and foreign amounts. The country by country reporting should contain information related to the global allocation of income, the taxes paid, and certain indicators on the location of economic activity among tax jurisdictions in which the multinational enterprise (MNE) group operates.

Raw Score	Weight	Weighted Score
0	8.50%	0.0

Tax transparency is weak

Citations

Elbit Systems Ltd. Annual Report 2021 (FY2020/2021)

G.2.1 - ESG Reporting Standards

The indicator assesses how companies report their ESG information. Best practice methods include annual reporting of material ESG information in the form of an integrated report or a standalone ESG or sustainability report written in accordance with international sustainability reporting standards. The most commonly used best practice standards are the GRI Standards and the SASB Standards. Due to the evolving sustainability accounting landscape, other standards can be considered as best practice in the future. Lower weighting is given to companies that provide only a general overview of ESG issues.

Raw Score	Weight	Weighted Score
50	6.00%	3.0

The company's ESG reporting is adequate

Elbit Systems publishes a sustainability report every two years. The Sustainability Report 2015-16 was written in accordance with GRI

Citations

Elbit Systems Ltd. ESG Report 2019 -2020 (FY2020)

G.2.2 - Verification of ESG Reporting

The indicator is assessed based on the scope of verification and the level of assurance that the company receives from external verification firms for its ESG reporting. ISAE 3000 or AA1000AS are considered best practice standards and verification in accordance with these standards is given the highest consideration. Consideration is also given for adoption of other national or local assurance standards.

Raw Score	Weight	Weighted Score
25	5.00%	1.2

Verification of ESG reporting is weak

Citations

Elbit Systems Ltd. EHS Report 2021 (FY2021)

G.2.5 - ESG Governance

The indicator assesses whether there are assigned roles and responsibilities for managing ESG issues within a company. A higher score is assigned if the company has set up a dedicated ESG committee at the board level, or at the managerial level with the inclusion of at least one representative from the executive team. A lower score is given if the company reports on having a management committee for ESG issues, but the degree of authority is not disclosed or if it is below the board level.

Raw Score	Weight	Weighted Score
100	10.50%	10.5

A management committee is responsible for overseeing ESG issues

The company's sustainability initiatives are led by a Steering Team composed of senior executives from corporate headquarters and other

Citations

Elbit Systems Ltd. ESG Report 2019 -2020 (FY2020)

Appendix

Management Details

G.3.1 - Political Involvement Policy

The indicator evaluates a company’s policy on political involvement. The highest weighting is assigned if the company has a formal policy that completely prohibits political contributions, electioneering, and spending (lobbying expenditure) under any circumstances. Partial scores are given if the company allows political involvement through Political Action Committees or industry associations, but only when this is approved by the board or a committee of the board. A lower score is assigned if the company does not disclose a formal policy, but has a general statement addressing the issue.

Raw Score	Weight	Weighted Score
100	3.50%	3.5

The company has a strong policy

Criteria

- Partially prohibits political involvement
- Prohibits political involvement of any kind on the company’s behalf
- Commits the company to disclose political donations and/or lobbying expenditures
- Approved by senior management

Citations

Elbit Systems Ltd. Code of Business Conduct and Ethics, released April 2022

G.3.2 - Lobbying and Political Expenses

The indicator assesses performance based on the total sum of political contributions and/or donations to political parties made by the company in the last three years. Money spent on lobbying activities is also considered as part of the assessment. In addition, only company donations are considered, and not donations made by employees or members of the board. A higher score is assigned for companies that have not been involved in any form of political spending or lobbying activities for the past three years. Contributions through political action committees (PACs) are given a high score only if approved by members of the board.

Raw Score	Weight	Weighted Score
0	3.50%	0.0

Based on available evidence, the company made more than USD 0.5 million in political contributions or political spending in the last three years

Citations

OpenSecrets, www.opensecrets.org; accessed 12 December 2022

S.1.2 - Discrimination Policy

This indicator assesses the quality of a company’s policy to prohibit workplace discrimination and ensure equal opportunity. Criteria for assessment of the policy include listing the types of discrimination the company is committed to eliminate, committing to provide equal employment and career development opportunities, and making explicit reference to at least one of the relevant ILO conventions. Higher weighting is assigned if the company’s policy includes all the aforementioned requirements and a lower weighting is given if the company only discloses a generic statement that does not qualify as a formal policy.

Raw Score	Weight	Weighted Score
25	9.50%	2.4

The company has a weak policy

Criteria

- List of the types of discrimination the company is committed to eliminate
- Reference to the ILO conventions
- Commitment to ensure equal opportunity

Citations

Elbit Systems Ltd. ESG Report 2019 -2020 (FY2020)

S.2.1 - Scope of Social Supplier Standards

This indicator assesses a company’s commitments to formally acknowledge and uphold human rights across its supply chain. Scoring for the indicator takes into account several criteria that are equally weighted such as workers’ health and safety, minimum living wages and maximum working hours, freedom of association and the right to collective bargaining, child and forced labour, acceptable living conditions, non-discrimination, and disciplinary practices. Companies are scored higher based on the number of issues addressed in a formal policy. Reference to specific International Labour Organization (ILO) conventions is considered best practice.

Raw Score	Weight	Weighted Score
75	4.50%	3.4

The company has strong social supply chain standards

Criteria

- Addresses freedom of association and the right to collective bargaining
- Addresses forced labour
- Addresses acceptable living conditions
- Addresses maximum working hours
- Addresses non-discrimination
- Addresses child labour
- Addresses corporal punishment/disciplinary practices
- Addresses minimum living wages
- Addresses health and safety

Appendix

Management Details

Citations

Elbit Systems Ltd. Supplier Code of Conduct, released April 2022

Appendix

Exposure Details



Occupational Health and Safety

EA.E.20 - Occupational Health and Safety

Beta Signal

0.00

No evidence of relevant controversies

EA.F.1 - Operating Performance

Beta Signal

0.00

The company has an average net income margin.

Average Net Income Margin (Trailing 3 Years): 5.12%
 Subindustry Median (Trailing 3 Years): 5.12%
 Source: Morningstar, January 2023. All Rights Reserved.,

EA.F.2 - Solvency

Beta Signal

0.00

The company has an average debt-equity ratio.

Average Debt to Equity Ratio (3 Period Exponentially Weighted
 Average as of January 2023): 0.51
 Subindustry Median (3 Period Exponentially Weighted Average as of
 January 2023): 0.41
 Source: Morningstar, January 2023. All Rights Reserved.,

EA.F.3 - Financial Flexibility

Beta Signal

0.02

The company has a weak cash flow ratio.

Average Free Cash Flow Ratio (Trailing 3 Years): 1.08%
 Subindustry Median (Trailing 3 Years): 5.46%
 Source: Morningstar, January 2023. All Rights Reserved.,

EA.F.4 - Asset Performance

Beta Signal

0.00

The company has an average return on assets.

Average Return on Assets (Trailing 3 Years): 3.19%
 Subindustry Median (Trailing 3 Years): 3.45%
 Source: Morningstar, January 2023. All Rights Reserved.,

EA.G.1 - Headquarters Location

Beta Signal

- 0.02

The location of the company's headquarters indicates slightly lower exposure to this issue.

Israel: Slightly lower exposure
 Source: Sustainalytics Country Risk Rating, November 2023.

Appendix

Exposure Details

EA.G.2 - Assets Location

Beta Signal

- 0.05

The location of the company's assets indicates slightly lower exposure to this issue.

Israel 59% (Slightly lower exposure)
 United States of America 34% (Slightly lower exposure)
 Other: 6%
 Source: Sustainalytics Country Risk Rating, November 2023.

EA.S.1 - Qualitative Overlay

Beta Signal

0.00

Answer category for neutral beta signal adjustment

EA.S.2 - Subindustry Correction Factor

Beta Signal

0.05

EA.S.3 - Exceptional Event Adjustment

Beta Signal

0.00

Appendix

Management Details

S.1.6.2.1 - Health and Safety Management System

The indicator assesses the strength of a company's initiatives to manage risks related to employee health and safety, and to mitigate accidents and occupational illnesses. Criteria for assessment include having formal commitments to occupational health and safety, providing industry-specific operating guidelines, and performing regular safety audits. Established managerial oversight of the issue, conducting safety risk assessments, providing regular employee training, and setting targets to reduce incidents, receive the highest weighting in assessing this indicator.

Raw Score	Weight	Weighted Score
100	32.50%	32.5

The company has a very strong management system

Criteria

- Reporting on health and safety programmes and performance
- Procedures for hazard identification and risk assessment
- Emergency preparedness procedures
- Regular health and safety training programmes for employees
- Performance monitoring and measurement
- Operating guidelines or procedures that are relevant for the industry
- Targets to reduce health and safety incidents
- Internal or external health and safety audits conducted at least every three years
- Formal health and safety policy commitment
- Managerial responsibility for health and safety issues

Citations

Elbit Systems Ltd. ESG Report 2019 -2020 (FY2020)

S.1.6.5 - Lost-Time Incident Rate Trend

This indicator is assessed using publicly reported LTIR data, which refers to the rate of incidents resulting in time away from work, including fatalities and/or incidents resulting in lost time that affects both the company's own employees and contract workers over the course of the reporting period. The LTIR trend is determined by comparing the LTIR in a given fiscal year relative to its previous three-year average. Performance is assessed by comparing the LTIR trend in a given year against a pre-determined threshold.

Raw Score	Weight	Weighted Score
100	27.50%	27.5

The company's lost-time incident rate has declined

S.1.6.4 - Health and Safety Certifications

The indicator is assessed based on the percentage of a company's operating sites, business units, or plants that have been externally certified to the ISO 45001 standard or other globally recognized health and safety management standards. Country-based certification, such as the JISHA OSHMS in Japan, or sector-specific certification, such as the Responsible Care Management System (RCMS) certification for chemicals, are also considered as part of the assessment.

Raw Score	Weight	Weighted Score
80	20.00%	16.0

75-89% of the company's facilities have received external certification

Citations

Elbit Systems Ltd. ESG Report 2019 -2020 (FY2020)

S.1.6.6 - Employee Fatality Rate

The indicator assesses a company's employee fatality rate over a three-year period and compares it with a pre-defined threshold. Only fatalities that occur within the company's own workforce (full-time employees and part-time workers) are assessed for this indicator and a higher score is assigned to companies that report zero fatalities over a three-year period (i.e. the last three fiscal years researched).

Raw Score	Weight	Weighted Score
100	20.00%	20.0

No fatalities have occurred in the last three years

Citations

Elbit Systems Ltd. ESG Report 2019 -2020 (FY2020)

Appendix

Management Details

The company's injury rate in 2016 (per 200,000 worked hours) declined by 19%, compared to the average of the previous three years (0.605).

2016: 0.488
2015: 0.611
2014: 0.550
2013: 0.653

Citations

Elbit Systems Ltd. ESG Report 2019 -2020 (FY2020)

Elbit Systems Ltd.

Aerospace and Defence | Israel | TAE:ESLT

GLOSSARY OF TERMS

Attribute Date:

Publication Date when there is any change to the ESG Risk Score, ESG Risk Category, Sub-Industry or Framework Unmanaged Risk.

Beta (Beta, β)

A factor that assesses the degree to which a company's exposure deviates from its [subindustry's](#) exposure. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

Constant

A value applied to the management score within the Core methodology to account for the contribution to management score that would be expected from indicators that are not in the Core framework's focused indicator set but are used in the Comprehensive framework.

Change Trigger

Explains what triggered a company's score to change (e.g., methodology, event, annual update, partial update).

Change Triggers

1. **Full Update:** An internal process where a full assessment of a company is performed; the full update is typically done on an annual basis for ESG Risk Ratings.
2. **Event Update:** An internal process where an update of an event assessment for a company is performed; the event update is typically done when news about the involvement of a company in a controversy is reaching a certain threshold that requires either an initial event assessment or an update of an existing event assessment.
3. **Partial Update:** An internal process where data points that feed a rating/assessment of a company are updated outside of the full update process and limited in scope; the partial update is typically restricted to a limited number of data points and occurring periodically.
4. **Methodology Update:** An internal process where the methodological architecture of a product is changed leading to changes in the rating/assessment of a company; methodological updates typically occur once within 3-5 years and are rolled out for all companies at once.

ESG Risk Category

Companies' [ESG Risk Rating scores](#) are assigned to five ESG risk categories in the [ESG Risk Rating](#):

Negligible risk: enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors

Low risk: enterprise value is considered to have a low risk of material financial impacts driven by ESG factors

Medium risk: enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors

High risk: enterprise value is considered to have a high risk of material financial impacts driven by ESG factors

Severe risk: enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the [ESG Risk Rating](#); it applies the concept of [risk decomposition](#) to derive the level of [unmanaged risk](#) for a company.

Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

Excess Exposure

The difference between the company's [exposure](#) and its [subindustry](#) exposure.

Exposure

A company or [subindustry's](#) sensitivity or vulnerability to ESG risks.

Manageable Risk

Material ESG risk that can be influenced and managed through policies, programmes and initiatives.

Managed Risk

Material ESG Risk that has been managed by a company through policies, programmes and initiatives.

Management

A company's handling of ESG risks.

Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

Management Indicator

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

Subindustry

Subindustries are defined as part of Sustainalytics' own classification system.

Unmanageable Risk

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

Elbit Systems Ltd.

Aerospace and Defence | Israel | TAE:ESLT

Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

Value before Change

Previous ESG Risk Score, ESG Risk Category, Sub-Industry or Framework.

Value after Change

Current ESG Risk Score, ESG Risk Category, Sub-Industry or Framework.

Elbit Systems Ltd.

Aerospace and Defence | Israel | TAE:ESLT

DISCLAIMER

Copyright ©2024 Sustainalytics, a Morningstar company. All rights reserved.

The information, methodologies, data, and opinions contained or reflected herein are proprietary of Sustainalytics and/or content providers, intended for internal, non-commercial use and may not be copied, distributed, or used in any other way, including via citation, unless otherwise explicitly agreed in writing. They are not directed to, or intended for distribution to or use by India-based clients or users and their distribution to Indian resident individuals or entities is not permitted.

They are provided for informational purposes only and (1) do not constitute an endorsement of any product, project, investment strategy or consideration of any particular environmental, social or governance related issues as part of any investment strategy; (2) do not constitute investment advice, nor represent an expert opinion or negative assurance letter; (3) are not part of any offering and do not constitute an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (4) are not an assessment of the issuer's economic performance, financial obligations nor of its creditworthiness; (5) are not a substitute for professional advice; (6) past performance is no guarantee of future results; (7) have not been submitted to, nor received approval from, any relevant regulatory bodies.

These are based on information made available by third parties, subject to continuous change and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-datedness or fitness for a particular purpose. The information and data are provided "as is" and reflects Sustainalytics' opinion at the date of its elaboration and publication. Morningstar Sustainalytics considers the information for the purposes of providing the ESG Risk Rating to be of satisfactory quality.

Neither Sustainalytics/Morningstar nor their content providers accept any liability from the use of the information, data or opinions contained herein or for actions of third parties in respect to this information, in any manner whatsoever, except where explicitly required by law.

Any reference to content providers' names is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our content providers and their respective terms of use is available on our website. For more information visit <https://www.sustainalytics.com/legal-disclaimers>.

Sustainalytics may receive compensation for its ratings, opinions, and other deliverables, from, among others, issuers, insurers, guarantors and/or underwriters of debt securities, or investors, via different business units. Sustainalytics believes it has put in place appropriate measures designed to safeguard the objectivity and independence of its opinions. For more information visit <https://www.sustainalytics.com/governance-documents> or contact compliance@sustainalytics.com.