

RADA

Code of Ethics
and Business Conduct for
RADA Electronic Industries Ltd.
& Its Subsidiaries ("RADA")



WWW.RADA.COM

1. Introduction

- 1.1.** RADA, or the “Company”, is committed to conduct its business in an ethical manner. RADA believes that ethical behavior is a key element in promoting the best interests of its stakeholders and interested parties, including its shareholders, employees, customers, agents and business partners.
- 1.2.** The purpose of this Code of Ethics and Business Conduct, or “Code of Ethics”, is to codify RADA’s commitments to conduct business ethically and compliantly according to its stated values, corporate policies, laws and regulations, throughout all its operations.
- 1.3.** This Code of Ethics is intended to help RADA achieve its business objectives while operating in an ethical manner.
- 1.4.** The Code of Ethics is a tool that allows stakeholders and interested parties to fulfill their roles in supporting RADA to behave ethically and legally, is intended to be easily understood, provide guidance on many important matters, offer practical examples of common ethical issues, and provide a guide on how to report issues or get answers on ethics-related questions.
- 1.5.** The Code of Ethics is an important source for answers to ethics and compliance questions, although, it is not the only source of information regarding RADA’s policies, ethics, and compliance.
- 1.6.** The Code of Ethics cannot address every situation one may face, hence, good judgment needs to be applied, including asking for support when situations or issues are not entirely clear. The absence of specific guidance in this Code of Ethics or otherwise, should not be considered permission to engage in an activity that may be questionable either ethically or legally.
- 1.7.** The Company believes that this Code of Ethics is adequately designed to deter wrongdoings and to promote the purposes set forth in 17 C.F.R. § 229.406. The Company also believes that this Code of Ethics promotes an atmosphere of self-awareness and prudent conduct by encouraging and protecting the reporting of questionable behavior in accordance with Nasdaq Marketplace Rule 4350.
- 1.8.** RADA expects all employees and individuals who conduct business on RADA’s behalf to adopt the principles outlined in this Code of Ethics and to fully adhere to them in everyday business practices.

2. RADA's Ethical Vision

2.1. RADA believes that behaving ethically is an important expectation and objective and that ethical behavior also improves its business performance. Ethical behavior by RADA's employees enhances confidence in RADA as a supplier, employer and partner, and is essential to increasing shareholder value. As a result, RADA's employees are expected to act in a manner that enhances RADA's reputation and standing with its customers and vendors and in the communities in which RADA is doing business. RADA expects all its employees and directors to act ethically, honestly and in good faith, and to comply with applicable law, while avoiding the appearance of impropriety or conflicts of interest. In this regard, it is essential that RADA's employees should treat each other and everyone with whom the Company does business with fairness and respect. RADA believes that long-lasting business relationships are built on trust, and that trust is built on business practices, reflecting transparency and integrity, and are conducted in good faith. This Code of Ethics is both reflective of that belief and is a tool for promoting RADA's core values.

2.2. The principles that are used as a baseline for this Code of Ethics are:

- 2.2.1.** Full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with or submits to government agencies and in other public communications.
- 2.2.2.** Protection of RADA's Intellectual Property and confidential and proprietary information, as well as that of its customers, employees, partners, vendors and contractors.
- 2.2.3.** Adherence to governmental and applicable laws, rules and regulations.
- 2.2.4.** Ethical conduct, including the proper handling of conflicts of interest issues.
- 2.2.5.** Prompt internal reporting and resolution of violations and potential violations of the Code of Ethics.
- 2.2.6.** Holding all RADA's employees accountable for compliance with the Code of Ethics.

3.RADA's Core Values

RADA's core values shape the way the Company does business with its customers and business partners. These values reflect RADA's vision and guide the Company in decision making in its daily business nature:

- **Innovation**

The **Innovation** to create remarkable solutions for real-world challenges, helping RADA's customers to achieve their objectives

- **Excellence**

For RADA, **Excellence** is striving to excel in every aspect of its business and to approach every challenge with the goal to succeed.

- **Integrity**

For RADA, **Integrity** is exercising good judgment in professional practice and adherence to ethical principles while doing what's right and take responsibility for its actions.

- **Transparency**

The **Transparency** that fuels mutual trust and productive, collaborative working relationships.

4.Company Procedures and Policies

4.1. This Code of Ethics is supplemented by additional ethical business practices of the Company. All directors, officers and employees are required to be familiar with the Code of Ethics, comply with its provisions and report any suspected violations as described below. Reporting shall be done in accordance with the reporting mechanism as set out in Section 5 below. Particular attention should be given to the following matters:

4.1.1. Corruption - Any form of bribery of a third party (including suppliers, vendors, customers, business partners, etc.) is forbidden, and it is forbidden to conduct activities that are related to fraud and/or wrongdoing.

4.1.2. Accounting Controls, Procedures & Records - According to accounting and tax laws and regulations, RADA must maintain records and financial statements in a manner that presents its financial position accurately. All RADA employees have the obligation to keep accurate records and act ethically with regards to the Company's financial records.

4.1.3. Use and Disclosure of Inside Information - Any disclosure of inside or material non-public information to any person, other than employees and advisors, to whom such information is required to be disclosed by virtue of their position, is prohibited. No director, officer or employee may purchase or sell any Company securities while in possession of material non-public information regarding the Company, nor may any director, officer or employee purchase or sell another Company's securities while in possession of material non-public information regarding that Company. It is against Company policies and illegal for any director, officer or employee to use material non-public information regarding the Company or any other Company to:

- (a) obtain a profit; or
- (b) directly or indirectly "tip" others who might enter into financial transactions based on that information.

For this purpose:

“insider information” is information that has not been made available to the public (for example, information that was not the subject of a Company’s public announcement or other disclosure of information).

“material information” means information relating to the Company’s (or its subsidiaries) business and affairs, having high likelihood that a reasonable investor would consider it important in making an investment decision (whether to buy or sell the Company’s securities).

4.1.4. Company’s assets and proprietary information - All directors, officers and employees should protect the Company's assets and ensure their efficient use. Theft, carelessness and waste may have a direct impact on the Company's profitability and are prohibited.

All of the Company’s assets should be used only for legitimate business purposes. Any suspected incident of fraud or theft should be immediately reported to a supervisor for investigation.

The obligation to protect the Company’s assets includes the Company's proprietary information. Proprietary information includes intellectual property such as know-how, trade secrets, patents, trademarks and copyrights, as well as business and marketing plans, engineering and manufacturing ideas, designs, databases, records and any nonpublic data or reports. Unauthorized use or distribution of this information is prohibited, could be illegal, and may result in civil or criminal penalties.

Employees are prohibited from disclosing any confidential or proprietary information during their employment period and after their employment has been terminated, to any third party outside of the Company, without prior written consent from RADA's management.

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4.1.5. Information Security, Privacy and Confidentiality – RADA sees great importance in protecting its information, that of its business partners and of its stakeholders and interested parties. RADA invests considerable resources in implementing organizational processes and technological measures in order to achieve this objective. RADA is subject to various regulations in the field of information security and privacy and therefore it is under employees' responsibility to act in accordance with RADA's information security policy and guidelines as distributed to employees and as defined by the authorized functions within the Company. Every employee is responsible for the Company's information security and is obliged to immediately report any violation of the information security and privacy guidelines, to the security and information security functions in the Company.

4.1.6. Conflicts of Interest - It is prohibited to act in a manner that may result in any conflict of interest. In accordance with RADA's core values, its employees, officers and directors are expected to make business decisions based on RADA's best interests as a whole. Employees must exercise good judgment, due care and the highest ethical standards in all the activities performed on behalf of RADA and in any personal activities that may affect RADA. At all times, one must ensure that RADA's interests are not harmed (or appear to be harmed) as a result of a conflict or the appearance of a conflict between RADA's interests and any personal or business interests. Avoiding a conflict of interest means avoiding situations that create or appear to create a conflict between personal interests and RADA's interests. When facing such uncertain business situations, one should prioritize the interests of RADA. Whether or not a conflict of interest exists or will exist can be unclear. Conflicts of interest should be avoided unless specifically authorized. A conflict of interest may exist or appear to exist when an employee, or a member of an employee's family, is involved in an activity that could potentially affect

their objectivity in making a decision as a RADA employee. A conflict of interest arises when an employee or a family member is using the employee's position for personal gain. It is important to remember that even the appearance of a conflict of interest must be avoided. Common areas of conflict of interest include, but are not limited, to the following:

A. Personal Conflict of Interest

RADA's Code of Ethics prohibits conflicts between the interests of its employees and the Company. A "conflict of interest" occurs when one's personal interests interfere or may interfere in any manner, or appear to interfere, with the best interests of the Company, for example: (a) engaging in a business in the same lines of business conducted by RADA;(b) engaging in a business in which RADA is actively seeking to enter.

A RADA employee should not supervise someone with whom she/he shares a close personal relationship, such as a family or household member, someone having current or previous romantic relationship with, or similar close personal relationship.

An employee may not participate in the selection process of a Company that does business with RADA, if that Company employs someone with close personal relationships with the employee, or if the employee is otherwise affiliated with such Company. Under these circumstances, RADA's employee should not supervise RADA's business with such Company.

If an employee supervises someone, even indirectly, with whom she/he has one of the relationships described above, or if there is such a relationship with a Company or an employee of a Company that does business with RADA, the RADA employee must disclose these relationships as soon as becoming aware of that Company's relationship with RADA. RADA's Chief Financial Officer must be contacted and notified of a conflict of interest or a potential conflict of interest.

B. Employment outside of RADA

RADA's employees are expected to devote all their time and attention to RADA's business during regular business hours and during whatever additional time that may be required. RADA's employees may not accept any outside employment or assignment that could create an actual or apparent conflict of interest or that may otherwise interfere with their employment at RADA, unless approved in writing by RADA's Chief Financial Officer. conflict of interest or that may otherwise interfere with their employment at RADA, unless approved in writing by RADA's Chief Financial Officer.

C. Investments and interests in other Businesses

A RADA employee must avoid any investment, interest or association that interferes, might interfere or might be thought to interfere with the independent exercise of judgment in RADA's best interest.

D. Obtaining appropriate written permission to address a conflict of interests in some instances

An employee must immediately notify the Chief Financial Officer if a member of her/his family enters into any kind of employment, business, ownership or consulting relationship with a vendor, supplier, customer or competitor of RADA, where such a relationship may cause a conflict of interest. This is a precaution to ensure that RADA employees avoid conducting RADA business with members of their families or others with whom they have a significant personal relationship, unless they have disclosed such a relationship to RADA.

E. Accepting a gift or entertainment to influence decision-making

RADA competes on the merit of its products and services and not through gifts, entertainment or any other business courtesies. In appropriate circumstances, business gifts and entertainment can build goodwill, but they can also create the perception of a conflict of interest that could undermine the integrity of the relationship. Therefore, a RADA employee must follow all applicable laws and RADA's rules and procedures in this regard. Failure to follow these provisions can harm RADA's reputation or result in a fine or a criminal penalty. In all such cases, usage of good judgment, and if in doubt, consultation with a supervisor, are advised. As a general rule, it is prohibited to give or accept gifts or anything of material value. consultation with a supervisor, are advised. As a general rule, it is prohibited to give or accept gifts or anything of material value.



4.1.7. Political Activities

RADA's Code of Ethics does not permit the Company to promote specific political affiliations. The use of RADA's name to endorse a political activity or event, and/or represent RADA in any political activities, and/or use of RADA's property or resources to contribute to a political party or for political purposes is prohibited.

4.1.8. Social Media

RADA recognizes that external social media and online networking sites ("**Social Media**") provide a number of opportunities to improve the productivity of a Company by connecting people with each other to make more information, ideas and perspective available when and where it is needed. Since the purpose of social networks is to make people and information visible, employees and anyone else representing the Company need to know that accessing or using Social Media in any way connected to the Company creates risks to the Company and is strictly regulated as described below.

Examples of Potential Risks:

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- i. Sensitive or classified information may be posted on internal or external social networks, making it visible to those who are not authorized to view it and creating potential liability to the Company through violations of security, export control, insider trading and IPR restrictions
- ii. Third parties can post false information, defame our employees, officers, directors and Company or do other damage to our Company's brand or reputation.
- iii. Anything you post on Social Media may become public and be exposed for a long time.
- iv. Risks from hostile politically motivated sources as well as from cyber criminals.
- v. Cyber-attacks

4.1.9. Retaliation

RADA will not tolerate acts of retaliation against any person who reports a potential ethical or compliance concern in good faith (a genuine attempt to provide honest, complete and accurate information, even if it later proves to

be mistaken or unsubstantiated). Retaliation includes, but is not limited to, improper denial of benefits, termination, demotion, suspension, threats, a poor performance evaluation, intimidation, harassment or discrimination. All known or suspected cases of retaliation should be reported for investigation and resolution through the reporting channels listed in section 5 below.

4.1.10. Issue Capture

All ethics and compliance issues, regardless of the severity or nature (i.e., simple inquiry) shall be recorded confidentially and managed in the Compliance Folder maintained for such purpose.

4.1.11. Disclosure

- a.** The Company's periodic reports and other documents filed with the SEC (Securities and Exchange Commission) and TASE (Tel-Aviv Stock Exchange), including all financial statements and other financial information, must comply with applicable federal securities laws, SEC rules and the rules of the Israeli Securities Authority.
- b.** Each director, officer and employee who contributes in any way to the preparation or verification of the Company's financial statements and other financial information must ensure that the Company's books, records and accounts are accurately maintained. Each director, officer and employee must cooperate fully with the Company's accounting and internal audit departments, as well as the Company's independent public accountants and counsel.
- c.** Each director, officer and employee who is involved in the Company's disclosure process must:
 - i.** be familiar with and comply with the Company's disclosure controls and procedures and its internal control over financial reporting; and
 - ii.** take all necessary steps to ensure that all filings with the SEC and TASE and all other public communications about the financial and business condition of the Company provide full, fair, accurate, timely and understandable disclosure.

4.2. This Code of Ethics and each of the other above-mentioned ethical business practices and procedures can be found on RADA's internal network and servers.

5. Reporting Mechanisms

5.1. Any employee or agent who suspects or is aware of any ethical misconduct of RADA's values, or this Code of Ethics, or any violation of compliance with any law or regulation is encouraged to report the issue to one of the following:

5.1.1. The employee's supervisor/manager.

5.1.2. Any representative of the Human Resources or Legal Departments.

5.1.3. Any compliance representative in the areas of Ethics and Compliance, Internal Audit/Finance, ESH (Environmental, Safety, Health), Security, or Trade.

5.1.4. The Ethics Hotline US site only

- via internet: <https://www.ethcomp.com/RADA>
- or phone: 1-888-212-0270.

5.2. Any employee who has a concern or complaint, regarding accounting, internal accounting controls or auditing matters may also report the matter to the Chairman of RADA's Audit Committee or may also contact:

Israel site: The Audit Committee in a confidential and/or anonymous mail, c/o the CFO, 7 Giborei Israel P.O.B 8606, Netanya, 4250407 Israel.

Or by email to the Chairman of the Audit Committee ethics@rada.com.

US site: The Audit Committee in a confidential and/or anonymous mail, c/o the Corporate Secretary, 20511 Seneca Meadows Pkwy, Suite 100, Germantown, MD 20876. Or by email to the Chairman of the Audit Committee – ethics@rada.com.

Although full and transparent reporting is encouraged, anonymous reporting on any ethical matter is enabled.

6. Investigation

- 6.1.** All reports of violations of this Code of Ethics will be promptly investigated and, if found to be accurate, acted upon in a timely manner. Employees are expected to cooperate in internal investigations of misconduct.
- 6.2.** When informed of any violations of this Code of Ethics, the following further steps shall be taken:
- 6.2.1.** Determination of the level of action (the severity) and consultation with the CEO and/or the legal counsel for issues classified as “Significant”.
 - 6.2.2.** Determination of whether an investigation is warranted and, if so, definition of the scope and assign an investigation leader.
 - 6.2.3.** Compile all relevant information, conduct interviews and analysis of the records.
 - 6.2.4.** Conduct a complete and impartial evaluation of the findings.
 - 6.2.5.** Prepare a report and recommendations for corrective actions.

The details of all ethics and compliance issues, investigations and corrective actions are considered sensitive and confidential company information and may be shared on a need-to-know basis only.

7. Waivers

Nasdaq Rule 5610 provides that waivers of the Code of Ethics granted to directors or executive officers may be approved only by the Board of Directors. Any waiver by the Company’s Board of Directors for a director or an executive officer will be disclosed as required by SEC and Nasdaq rules.

8. Summary

Sometimes, you might be unsure about what is the right thing to do in a business situation. If you are ever unsure how to proceed, don't take the action. Instead, step back from the situation, act according to our INTEGRITY core value by considering these questions:

- Is it LEGAL?
- Have I checked with the Legal Department?
- Is it in line with RADA's Core Values of INNOVATION, EXCELLENCE, INTEGRITY, TRANSPARENCY?
- Does it COMPLY with RADA's Code of Ethics or other applicable policies and practices?
- Am I involving the RIGHT PEOPLE?
- What would my family, friends, manager or co-workers THINK?
- Would it be FAIR to everyone involved?
- Would I feel OK if I read about my actions in a NEWSPAPER or had to explain it to a JUDGE?
- Is it consistent with RADA's ethical REPUTATION?

If you hesitate when answering or if you answer "no" to any of these questions, don't take the action and report the case and dilemma to your supervisor.