

Carmel Forge Code of Conduct



Our Values

Collaboration

We are one team. We value collaboration and treat each other with respect.

Responsibility

We encourage open discourse and responsible conduct. We honor our commitments and comply with the law.

Excellence

We design, manufacture, test and deliver with resourcefulness and agility. We expect excellence, value innovation, and take pride in our work.

Integrity

We act with integrity and do the right thing.

Carmel Forge is guided by the Core Values of Bet Shemesh Group: Responsibility, Excellence and Integrity.

Our values inspire and inform our choices. Our commitment to these values directs us to make deliberate and informed decisions in our work. It helps us to create a strong culture and it drives us to act honestly, respectfully and ethically.

About Our Code

Our Code of Conduct serves to inspire, guide and empower us towards performing in accordance with our values: excellence, integrity and responsibility, both as individuals and collectively as an organization.

It helps us to identify potentially challenging situations, and enables us to make ethical choices in our business practices. The Code is the foundation of our culture, and it shapes the way we do business.

Our commitment to ethical conduct is a shared responsibility spanning from our senior leaders to our newest team members.

Who The Code Is For

The Code applies to all employees, officers, and directors of Carmel Forge. It also applies in certain respects to business partners, such as suppliers, consultants, representatives and agents. We are all expected to conduct ourselves according to the Code.

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Your Responsibilities

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As an employee of Carmel Forge, you must thoroughly familiarize yourself with this Code. Additionally, you must be familiar with all policies, procedures, laws and regulations that apply to your function at work, and comply with them. This code applies to all employees, including personal contract, union contract, and outsourcing. We believe that this Code is consistent with positive labor relations and our mutual commitments under personal and collective employment agreements.

Supervisors Responsibilities

If you are a supervisor, you are responsible for knowing, applying and complying with the Code of Conduct, as well as helping the people who report to you to become familiar with its contents. You are also responsible for preventing violations of the Code, as well as detecting violations that may occur and reporting them appropriately.

You are expected to:

- Be a role model to others in complying with the Code of Ethics.
- Encourage employees to ask questions and help them get answers.
- Create an environment where employees can raise concerns without fear of retaliation.
- Never compromise Carmel Forge's reputation

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Deciding How to Act

Before acting, you must use good judgement and ask yourself:

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- Is this the right thing to do?
- Do I have the authority to do it?
- Is it legal?
- Is it safe?
- Does my action comply with Code of Conduct?
- Would I be upset or embarrassed if o co-workers, family members, or members of the public found out about this action?

Remember, if you are unsure about the right thing to do, Carmel Forge encourages and expects you to ask your supervisor, or another company resource. Not knowing how to act is not an excuse.

How to Raise a Concern?

To raise questions or concerns about compliance or a violation of this Code, or any Carmel Forge policy or procedure, you may use any of the following channels:

- Contact your supervisor
- Contact Human Resources
- Contact the Ethics Officer / Compliance Manager
- Contact the General Manager
- Contact any V.P. in the company
- Use the anonymous contact form on the Carmel Forge website.

Carmel Forge has a strict policy prohibiting retaliation against anyone who in good faith raises ethical concerns, reports a possible violation of the law, this Code, or any Carmel Forge policy, or cooperates with an investigation. An employee who engages in retaliation may be subject to discipline.

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After You Raise a Concern

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When an actual or potential violation of the law, the Code, or company policy is reported or detected, Carmel Forge will conduct a thorough investigation. We will make every effort to get all sides of the story in a timely, objective, and thorough way.

We will maintain confidentiality to the greatest extent possible. Carmel Forge commits to treating all parties involved in an investigation or audit with respect. To protect confidentiality or address other concerns, there may be times when the details of issues under investigation and the investigation findings are not shared with all parties.

All employees and business partners must be truthful, transparent, and fully cooperative with audits and investigations. Cooperation may include participating in interviews, providing documents, or supporting an investigation as a subject matter expert on a particular topic.

If a violation has occurred or the subject of an audit or investigation has been untruthful or otherwise uncooperative, the company will take appropriate disciplinary measures. Such measures may include counseling, warnings, suspension, compensation adjustment, termination, and/or reimbursement of losses. Where possible illegal conduct is suspected, we will refer the matter to law enforcement for investigation and possible criminal prosecution.

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Values Inform Business Practices

We maintain a Safe and Productive Workplace

Page | 5 **We Put Safety First**

Carmel Forge is committed to creating and maintaining a safe work environment and preventing workplace injuries.

We all play a part in keeping our workplace safe and healthy at Carmel Forge. It is our responsibility as Carmel Forge employees to follow all safety and health rules, policies, and procedures, including the Cardinal Rules of Safety.

Our Work Environment is Fair and Responsible

At Carmel Forge, we are committed to providing a safe, secure and fair work environment, free from unlawful harassment, discrimination, retaliation or any form of violence.

We treat each other, and other people like customers, suppliers and other people with dignity to promote a positive and productive work environment. We communicate truthfully, responsibly and respectfully.

We respect the human rights of our employees and others and comply with all local laws and regulations related to labor conditions and wages.

Sexual harassment by employees or others, including vendors, customers and suppliers is strictly prohibited, and will be treated in accordance with local laws and our sexual harassment prevention policy.

Workplace violence or the threat of violence is unacceptable. This includes the possession of illegal drugs and weapons of any kind on our premises. Violent behavior or threats should be reported to a supervisor or the human resources staff, and they will be investigated. Employees who engage in violence or threats of violence may be subject to disciplinary action or termination, as well as criminal prosecution.

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We Focus on Quality

We Exceed the Requirements of Our Customers

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Carmel Forge achieved leadership in the forging industry through a constant and uncompromising focus on quality, cost and delivery. We understand that our performance determines whether our customers choose to do business with us, and we aim to exceed their expectations from us.

Quality is integrated into All Aspects of Our Business

At Carmel Forge, we design, manufacture and deliver high quality, world-class products while cultivating a culture of transparency and responsiveness and exceeding the expectations of our customers and stakeholders.

We integrate quality considerations into every process, and we consider quality as the responsibility of every individual who works in the company.

We will strictly follow the work instructions provided to us by our customers. Any deviations from these instructions must be reported and authorized through the proper channels without exception.

We will create and maintain accurate and complete records of our products and manufacturing processes.

We Maintain Accurate and Complete Records

We Provide Accurate Numbers

We must always keep complete, accurate, timely, and understandable financial records. Doing so not only meets our obligations to government regulators and stakeholders, but also protects our reputation and supports our internal business decisions.

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We Comply with ISOX

Carmel Forge prohibits improper financial reporting or failure to follow the organization's financial policies. We comply with ISOX and maintain effective internal controls over financial reporting, and proactively resolve all known accounting matters in a timely manner.

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We Perform with Integrity

We are fair, truthful and transparent in all our business dealings. We will never make a false or misleading entry in a report or record. We will never falsify any record, whether financial or non-financial (such as quality reports, testing results, or environmental data), we will never buy, sell, transfer, or dispose of Carmel Forge's assets without proper documentation or authorization, and we will never do or influence others to do anything that would compromise the integrity of our financial records or reports.

We Compete Fairly

At Carmel Forge, we manufacture excellent forgings. We will compete in the global marketplace based on the merits and quality of our products and services. We will sell our products and services using honest and non-disparaging marketing methods, and we will not pursue any sale that requires us to act unlawfully or in violation of our Code of Conduct. We will gather information and learn about the marketplace and our competitors only through legal and ethical means, and we will comply with all applicable competition and anti-trust laws.

We Protect Company Information and Assets

We Protect Physical Assets

All Carmel Forge employees are responsible to protect Carmel Forge's assets, such as equipment and facilities from theft, damage, loss or misuse.

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We Protect IT Assets

Carmel Forge is committed to protecting the security of our information and IT infrastructure from threats ranging from natural disasters to cyber-attacks.

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We Safeguard Confidential and Proprietary Information

We respect the privacy rights, proprietary rights, patents, and trade secrets of our employees, customers, suppliers and other third parties. We implement and maintain physical, procedural and technical measures to ensure the security and confidentiality of data. All Carmel Forge employees are responsible to safeguard such data and not disclose it to anyone without a legitimate business need and legal right to receive it.

We Protect Carmel Forge's Reputation

We Proactively Prevent Bribery and Corruption

Our most valued asset at Carmel Forge is our reputation. All persons acting on behalf of Carmel Forge will abide by the laws and company policies relating to improper payments and business gifts. We will never offer, provide, or receive improper payments, in any form, directly or indirectly. We will never engage in bribery or other corrupt practices.

We Avoid Conflicts of Interest

We will never allow personal interests, relationships or biases interfere with making the best decisions for Carmel Forge using good judgement to do what is right for our business. We will make well-informed choices, and avoid even the appearance of a conflict of interest.

We Select Suppliers Responsibly and Treat Them Respectfully

We seek to do business with partners who meet our needs and share our values. We evaluate partners based on performance, quality, price, service, reliability and availability. We treat our partners fairly and

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respectfully, and expect them to uphold our values, comply with all applicable laws and adhere to supplier guidelines.

We Comply with the Law

Page | 9 **We Comply with International Trade Laws**

As an exporter, we will comply with all applicable export and import control laws and regulations when importing, exporting, re-exporting or transferring goods, services, software, technology or technical data.

We Prevent Insider Trading

Inside information is any non-public information that, if disclosed, would reasonably be expected to affect the price of a security or would influence a reasonable person's decision to buy or sell a security.

Carmel Forge employees that may obtain such information regarding Bet Shemesh Engines and Carmel Forge in the course of their work are prohibited from using it for their personal financial or other personal gain. Using inside information or sharing inside information with others is a violation of the Code and may be a violation of the law.

We Respect Privacy

Carmel Forge complies with applicable privacy laws and respects the privacy interests of its employees and other individuals.

We Are a Good Corporate Citizen

Carmel Forge contributes to the community as a responsible corporate citizen. We abide by all local laws, and we strive to improve the well-being of our community through the protection of natural resources, and through corporate philanthropy. We support worthwhile civic and charitable causes, volunteering our time, resources and talents to help our community prosper.

We Safeguard Our Environment

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We operate in an environmentally responsible manner and comply with all environmental laws, rules and regulations.

We work to minimize the impact of our operations on the quality of our air, water, and land. We aim to maximize the recycling of materials, minimize the creation of waste, especially hazardous waste, and dispose of all waste in a safe and responsible manner.

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Carmel Forge employees across all levels and departments are involved in initiatives to reduce our impact to the environment by participating in our Environmental Management Program, Energy Management Program, and Carbon Footprint Management Program.

We Save Energy and Reduce Our Carbon Footprint

We constantly evaluate ways to conserve energy and water resources. Our Energy Management Program is a systematic approach to monitor, control, and optimize energy consumption across our operations. We aim to reduce overall energy consumption, lower operational costs, minimize environmental impact, and enhance the company's sustainability profile while maintaining productivity and competitiveness.

To align with global climate goals, our Carbon Strategy outlines Carmel Forge's approach to measure, reduce and offset our carbon emissions across operations, supply chains and products. We aim to minimize the organization's carbon footprint while potentially creating opportunities for innovation and cost savings.