

Code of Ethics

1. Purpose and Scope

The policies apply to Tower Semiconductor Ltd. and its subsidiaries, with respect to all businesses, countries and regions (the "Company" or "TowerJazz").

- 1.1 The Company's managers are expected to lead the Company according to the Company's standards of ethical conduct, in both words and actions. Managers are responsible for promoting open and honest two-way communication throughout the Company. Managers must work for the benefit of the Company and its employees, be positive activists and role models and show respect and consideration towards each person with whom the Company comes in contact.
- 1.2 The Company has designated a Compliance Officer to administer this Code, as specified in Annex A to this Code. Any questions or concerns about the understanding and implementation of this document, as well as reports or complaints regarding illegal or unethical acts, should be addressed to the Compliance Officer.
- 1.3 The Compliance Officer shall be responsible for informing all of the Company employees annually of the existence of this Code of Ethics and the Complaints Management Procedure. The Compliance Officer shall emphasize to all employees the possibility of maintaining anonymity at the choice of the person(s) submitting any reports or complaints and the means by which anonymity is accomplished and ensured.
- 1.4 Any violation of the provisions of this Code may result in disciplinary action, including immediate termination of employment.
- 1.5 All references in this document to the masculine gender shall apply also to the female gender.

2. Code of Ethics

2.1 Compliance with Applicable Laws

All employees, officers and directors of the Company ("Employees") should comply with all of the laws, rules and regulations of the U.S., Israel and other countries, as applicable.

2.2 Conflict of Interests

All Employees should strive to avoid any actual or apparent conflicts of interest with regard to the Company's interests.

The Company acknowledges and values the Employees' right and will to engage in activities other than the Company's business and activities, so long as such activities do not create a conflict of interest and do not interfere with the Employees' responsibility to the Company or the Employees' efficiency in performing his/her job. An Employee who wishes to engage in such activities shall fill out the form attached hereto as Annex B and obtain his/her direct manager's signature and the signature of the VP of his/her department.

A "conflict of interest" may exist whenever an individual's private personal interests conflict in any way, or even appear to conflict, with the interests of the Company. A situation in which such a conflict may arise is when an Employee takes actions or has interests that may make it difficult to perform his or her Company work objectively. Conflicts of interest may also arise when an Employee, or a member of his or her family, receives improper personal benefits as a result of his or her position in the Company, whether received from the Company or a third party.

The following are examples of situations which should be avoided:

- An Employee engaging in another job or activity which interferes with his or her ability to perform his or her tasks in the Company efficiently.
- The provision of services of any kind by an Employee to one or more of the Company's customers, competitors, suppliers or service providers, beyond those that are within the scope of her/his position at TowerJazz.

Although it is not always possible to avoid conflicts of interest, it is the Company's policy to minimize the existence of such conflicts to the extent possible. In situations in which the employee is uncertain as to whether a conflict of interest exists, the employee shall consult with the Compliance Officer or Legal Department.

An Employee who becomes aware of a situation with a conflict of interest or a potential conflict of interest shall bring the same to the attention of the Compliance Officer who shall take the necessary actions and provide guidelines for future behavior.

2.3 Gifts and Business Amenities

The following are the Company's general guidelines on giving and receiving gifts and business amenities. Under these guidelines, Employees may give or accept customary business amenities, such as meals, entertainment and gifts, provided the expense involved is reasonable and is not prohibited by law or established business practices.

Neither Employees nor any member of their families may solicit or accept from a supplier or customer money or a gift that could influence, or could appear to influence, the Company's business relationship with that supplier or customer. Notwithstanding the above, Employees may accept gifts of nominal value, such as small promotional items bearing another company's name, when it is customary in similar business relationships conducted by others with the same customer or supplier. If an Employee has any doubt about a particular situation, he/she shall consult with the Compliance Officer. Senior management may approve the giving or receipt of gifts and business amenities of a higher value, provided that such are not prohibited by law or acceptable business practice.

Employees may not give money or gifts to an officer, manager or employee of any Company supplier, customer or any other organization, if doing so would influence or could appear to influence the Company's relationship with said person or entity. Notwithstanding the above, Employees may give gifts of nominal value, such as small promotional items bearing the Company's name, if it is not prohibited by law or the other party's acceptable business practices.

2.4 Personal Financial Interests

Employees should not have a financial interest in any entity that conducts business relations with or competes with the Company, if such interest would give rise to, or would appear to give rise to, a conflict of interest with the Company. Such entities include Company suppliers, competitors, customers, representatives and partners. Notwithstanding the above, an Employee may invest in funds in which the decisions regarding their investment process are not made by a person who is related to the Employee, such as the account manager or broker.

A financial interest of an Employee is improper if his/her job, the amount of the investment, or the particular company in which the investment was made could influence, or could appear to influence, the actions of such Employee.

2.5 Use of inside information

It is forbidden to make use of inside information in the trading of the Company's shares.

2.6 Corporate Opportunity

Employees are prohibited from (a) taking for themselves personally opportunities that belong to the Company or that the Employee is aware of through the use of corporate property, information or position; (b) using

corporate property, information or position for personal gain; and (c) competing with the Company. Despite the above, the Board of Directors of the Company or a Board committee, comprised of independent directors, may decide that in certain situations the Employee is permitted to engage in the above-mentioned activities.

2.7 Confidentiality

All Employees must maintain the confidentiality of Confidential Information (defined below) entrusted to them by the Company, its suppliers or customers, except when disclosure of such information is authorized by the Company or required by applicable laws, regulations or legal proceedings.

"Confidential Information" includes, but is not limited to, non-public information that is the property of the Company or has been entrusted to the Company by others. It should be emphasized that Confidential Information may be used by competitors of the Company to its detriment, and/or use thereof may harm the Company or its customers if disclosed. Whenever feasible, Employees shall consult with the Company's Compliance Officer or the Legal Department if they believe they have a legal obligation to disclose Confidential Information.

2.8 Fair Dealing and Mutual Respect

Each Employee is required to respect and deal fairly in business relations with the Company's customers, suppliers, partners, competitors, shareholders, and Employees. Employees are prohibited from taking unfair advantage of anyone through manipulation, concealment, abuse of Confidential Information, misrepresentation of material facts or any other unfair dealing practice. It is prohibited to illegally obtain proprietary information, misuse trade secrets that were obtained without the owner's consent or cause the disclosure of such secrets by former employees.

2.9 Protection and Proper Use of Company Assets

All Employees must protect all Company Assets (defined below) and ensure their proper use. Theft, carelessness, and waste of Company Assets have a direct impact on the Company's profitability. All Company Assets shall be used solely for legitimate business purposes and other purposes approved by management. Company Assets may never be used for illegal purposes.

"Company Assets" include, among other things, tangible assets and proprietary information, such as intellectual property and Confidential Information.

2.10 Public Company Reports

As a public company, it is of critical importance that the Company's reports filed with the securities authorities and stock exchanges in Israel and the U.S. and the Company's communications to the public are full, fair, accurate and timely. Depending on their respective positions in the Company, Employees may be requested to provide information necessary to assure that the Company's public reports are complete, fair and clear. The Company expects that its Employees treat such requests very seriously and promptly provide accurate answers.

The Company's Chief Executive Officer, Chief Financial Officer and other senior employees in the Company's finance department are principally responsible for full, fair, clear and timely submission of the most accurate periodic and other Company reports required to be filed with the securities authorities and stock exchanges in Israeli and the U.S.

The Company's CEO, CFO and each other senior employee in the finance department are responsible to report all information that they become aware of regarding any untrue statement or any omission of a material fact that may affect the public reports of the Company.

2.11 Anti-Bribery, Anti-Corruption policy

It is prohibited to give, offer or promise something of value (such as money, benefits, excessive gifts) to anyone, including a government representative, with the intention of obtaining a business or other advantage ("Bribery").

Bribery can be direct or indirect through a third party, both of which are prohibited.

2.12 Compliance with export control laws and trade sanctions

The Company is committed to comply with all applicable laws and regulations governing import and export of goods, technology and information and relevant sanctions (both on entities and individuals).

2.13 Business Records Accuracy

The Company's policy is to comply with all financial reporting and accounting regulations applicable to the Company. Each Employee is responsible for ensuring that all business records that he/she deals with are accurate, complete and reliable, even if he/she is unfamiliar with accounting procedures.

2.14 Prevention of Money Laundering

It is prohibited to use the Company's resources for the purpose of money laundering, defined as the transformation of illegally obtained gain into seemingly legitimate funds. As part of the Company's compliance with the Sarbanes-Oxley Act, including COSO 2013 standard, the Company has implemented procedures and segregation of duties to prevent such illegal activity.

2.15 Requests for Information and Contact with Outsiders

For purposes of this Code of Ethics, an "Outsider" shall be defined as a person or entity not bound by an employer/ employee relationship with the Company and not a member of the Board of Directors, namely, "outsiders" include:

analysts, reporters, shareholders, institutional investors, the investment community, lawyers, governmental authorities, the general public and the media.

The Company's activities are followed closely by certain Outsiders. The Corporate Secretary is responsible for managing the Company's relationships with Outsiders, shall refer specific instances to the CEO, CFO or Director of Investor Relations and Public Communications, as appropriate, or shall authorize other Company Employees, on a case-by-case basis, to act on the Company's behalf.

The CEO, CFO and Director of Investor Relations and Public Communications shall represent the Company in all communications, meetings, and other interactions with Outsiders. The CEO, CFO and Director of Investor Relations and Public Communications are entitled, at their sole discretion, to authorize other Company Employees to interact with Outsiders, on a case-by-case basis.

Employees shall not initiate contact with Outsiders or respond to their inquiries unless authorized to do so as specified above and only within the scope of their authority.

If Employees receive a request to receive information on the Company from an Outsider, such as an attorney, investigator, law enforcement official, other public official or other government entity, they shall refer the request to the Corporate Secretary.

In all contact with Outsiders, it is forbidden to discuss pricing and pricing policies, contract terms, costs, inventories, marketing and product plans, production plans, production capabilities and any other proprietary or confidential information.

In the event that internal Company information is mistakenly disclosed to an Outsider, the Company shall immediately deliberate as to the course of action that would best serve the Company's interests.

2.16 Labor and Human Rights:

TowerJazz is committed to ensuring the human rights of our workers and treating them with dignity and respect.

2.17 Proper behavior and prevention of sexual harassment

Company policy prohibits sexual harassment in any form.

2.18 Reporting Any Illegal, Inappropriate or Unethical Behavior

Employees must promptly report any illegal, inappropriate or unethical behavior, illegitimate accounting or

auditing practices and any other violation of this Code of Ethics, Company procedures or any law, whether such has occurred or may occur, and convey concerns, complaints or questions regarding thereto. Such reports may be communicated (1) to the Employee's direct manager, indirect manager, or the Compliance Officer, orally or in writing; or (2) anonymously through the complaint box outside the Compliance Officer's office or through his/her mailbox. When applicable, Employees may directly report to the Audit Committee of the Board of Directors, as specified in the Company's Complaints Management Procedure.

Supervisors and managers receiving any such report shall forward the report and all relevant information in his/ her possession to the Compliance Officer. In the event that the report pertains to the behavior of, or practices conducted by, the Compliance Officer, such report shall be forwarded to the Vice President of Human Resources.

Upon receipt of any such report, the Compliance Officer or the Vice President of Human Resources, as the case may be, shall act according to the Company's Complaints Management Procedure.

Such reports shall be held in confidence, subject to applicable laws, regulations and legal proceedings.

2.19 No Retaliation

It shall be unlawful for the Company, any of its managers or Employees or any person acting on their behalf, to discharge, act revengeful, harass or otherwise discriminate against Employees who provide evidence of said improper behavior that has occurred or may occur, or against Employees who submit or express their intention to submit such complaints or assist in the investigation thereof.