UNITED NATIONS GLOBAL COMPACT
COMMUNICATION ON PROGRESS

ECI Telecom Ltd.
Your *Responsible* Partner for Growth

On a Green Wavelength

November 2011

1

GLOBAL COMPACT COMMUNICATION ON PROGRESS
ECI Telecom Ltd | October 2011

Contents

About this communication

This is **ECI's second** Communication on Progress and it covers all of the company's global operations during 2010, unless otherwise stated. All **ECI** operations around the world are committed to the Global Compact principles, and are working in many ways to make continuous further progress.

Availability of this Communication on Progress

This Communication on Progress is posted on the UNGC website and on **ECI's** global website. Internally, this Communication on Progress is available on the Company's global intranet site for all employees and is communicated to them through different channels.

Index of content according to the UN Global Compact principles

Subject		Page
Principle 1:	Business should support and respect the protection of internationally proclaimed human rights	ECT Telecom is committed to upholding human rights. See Sections on Ethics (page 57) Employees (page 34) and Community (page 42)
Principle 2:	Business should ensure that they are not complicit in human rights abuses.	ECT Telecom is committed to avoiding complicity in human rights abuses. See Sections on Ethics (page 57) and Employees (page 34).
Principle 3:	Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.	ECI respects the right of all employees to collective bargaining and freedom of association.
Principle 4:	Business should support the elimination of all forms of forced and compulsory labor**.**	ECI supports the elimination of forced labor**.** All employees are hired of their own free will and receive employment contracts.
Principle 5:	Business should support the effective abolition of child labor	ECI supports the abolition of child labor. No minors are employed in ECI's business.
Principle 6:	Business should support the elimination of discrimination in respect of employment and occupation.	ECI supports the elimination of discrimination. See Section on Employees (page 34).
Principle 7:	Business should support a precautionary approach to environmental challenges	ECI takes a precautionary approach. See Section on Greening our Supply Chain (page 21)
Principle 8:	Business should undertake initiatives to promote greater environmental responsibility	ECI advances environmental responsibility. See Section on Greening our Supply Chain (page 21).
Principle 9:	Business should encourage the development and diffusion of environmentally friendly technologies	ECI encourages the development and diffusion of environmentally friendly technologies. See See Section: On a Green Wavelength (page 12)
Principle 10:	Business should work against corruption in all its forms, including extortion and bribery	ECI opposes all forms of corruption. See Section on Ethics (page 57).

CEO commitment to the 10 principles of the
Global Compact of the United Nations

In joining **ECI** Telecom in mid 2011 as CEO, I found an organization that takes its responsibilities towards society and the environment seriously. As a privately owned company, I believe that **ECI** is demonstrating leading practice in this area and I see it as my role as CEO to maintain and enhance this commitment. **ECI's** connection to the UN Global Compact is one manifestation of this commitment and I am committed to our ongoing support for the 10 universally accepted principles of responsible business though participation in the United Nations Global Compact, in support of the broader Millennium Development Goals objectives, and to reporting how we demonstrate this commitment in a transparent way.

The impact of infrastructure technologies on global sustainability is significant. Through our offering, we enable innovation in network services that support sustainable and resource-efficient ways of doing business and transform new business practices in an increasingly connected world. We are proud to make this contribution.

During the past year, since our first Communication on Progress, we have developed technologies that help companies work in more sustainable ways through reduced power consumption, and we have improved our environmental performance, reinforced our ethical practices and continued to contribute to our communities in many locations around the globe.

This, our second Communication on Progress, reflects our policies, practices and performance in our global activities and the ways in which we apply our core values and commitment to social and environmental responsibility. On behalf of **ECI's** Board of Directors, Executive Management Team and employees around the world, I commit to continue to provide an annual communication to update stakeholders on our progress.

Sincerely

Shimon Bart
President and CEO
November 2011

Green Inspiration
Winning Photograph

In the following section, we provide background about ECI and the way we do business.

About ECI

Founded:	1961
Business activity:	Provider of advanced telecommunications networking solutions to carriers and service providers in the world.
Ownership:	ECI is privately owned by Swarth Group and Ashmore Investment Management Ltd.
Annual Revenue:	Over $600 Million.
Headquarters:	Israel
Global Activity:	R&D centers in Israel, India, China and the USA, and over 35 regional sales and service centers**.**
Employees:	Over 2,600 employees in 24 offices worldwide.
Customers:	Over 250 active customers in 70 countries.
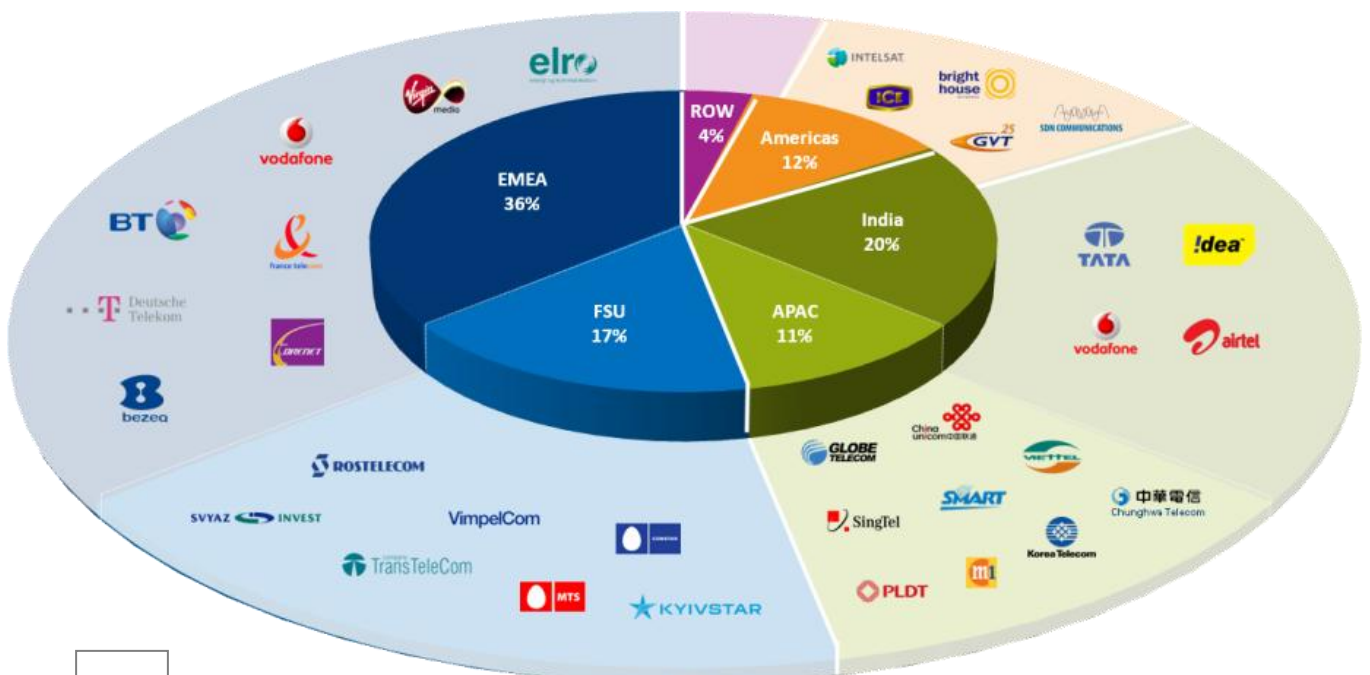
ECI Leadership

The CEO of ECI is Mr. Shimon Bart, who was appointed President and CEO in 2011.

Mr. Maor, currently Chairman of the Board, was President and CEO from 2006 to 2011.

Executive team

RAFI MAOR
Chairman of the Board

SHIMON BART
President & CEO

EYAL SHAKED
Head of Network Solutions Division

GIORA BITAN
Chief Financial Officer

AVIEL TENENBAUM
Head of Global Sales & Marketing

HEZI BASOK
Head of Global Business Operations

ERAN TALMON
Head of Global Services Division

ADI BILDNER
Head of Global Human Resources

ARNIE TARAGIN
General Counsel

Social Media

ECI maintains a range of Social Media accounts as part of the company's commitment to dialogue and transparency. You are welcome to follow **ECI** on:

Twitter: www.twitter.com/ecitelecom

and

Facebook: www.facebook.com/ECITelecom

ECI Offerings

ECI's platforms, solutions and services are offered under 1Net, a comprehensive framework for addressing our customers' day-to-day and strategic challenges as they migrate to next-generation networks. 1Net is our customers' **Path for Growth**.

ECI Quality

ECI ensures that all operations are performed to the highest quality standards and processes. ECI operations are certified compliant according to the following standards:

- ISO 14001 (Environmental Management)
- OHSAS 18001 (Safety and Health Management)
- ISO 27001 (Information Security)
- TL 9000 (Quality Management)
- ISO 9001 (Quality Management)
- ISO 17025 (Quality Management - Testing and Calibration Laboratories)

ECI Business Approach

The following is at the core of **ECI's** business approach, which is upheld by the Company's leadership and communicated to employees.

Conducting our business according to the principles of social responsibility

- Increasing our commitment to:
- Conducting our business with highest levels of business ethics
- Being involved and making a positive impact on the communities and societies where we live and work
- Supporting equal rights and diversity norms, being a fair employer
- Conducting our business in ways that protect and preserve the environment

ECI Values
ECI employees share five basic values:

Respect for the Individual

Team Spirit

The driving force behind these values is **ECI's** One Company One Team organizational pillar. In all activities, our employees conduct themselves respectfully to promote these values and lead the Company to long-term, sustainable success and create opportunities for self-achievement and enjoyment.

Innovation
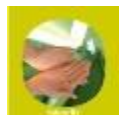
Integrity

For more about **ECI** values, see our 2010 COP:
http://www.ecitele.com/abouteci/AboutECIDocs/ECIs%20Corporate%20Values.pdf

Our Customers

ECI Employee Communication Channels

Key channels for internal communications and dialogue are as follows:

Round Table
Periodically, the Company CEO and Senior Leadership Team members conduct Round Tables discussions with a group of randomly selected employees. These discussions present an important opportunity for the Senior Leadership Team to hear the unfiltered views of employees and answer their questions.

ECI Global Leadership Forum
This Forum, comprised of 75 senior managers, was formed in late 2008 with the purpose of creating a coherent, global platform for shared leadership. The first annual three-day retreat of this group took place in January 2009, and the main theme of the gathering was **ECI**'s new global strategy. Throughout the year, communications events are maintained to ensure this group remains aligned.

Team Communications Meetings
Each member of the Global Leadership Forum conducts frequent departmental meetings to ensure the delivery of the Company's corporate messages and provide the opportunity to hear the views and suggestions of all employees.

ECI Intranet
ECI's intranet is a portal for all employee information needs, both professional and personal. The intranet contains an application for posting "thank you" notes to colleagues for positive collaboration or assistance beyond expectation, across departmental and geographical lines. Employees feel positive about giving and receiving thanks for collaborative efforts.

ECI Customers Require Adherence to Social and Environmental Performance Standards

ECI is a socially responsible service provider

Of the total number of tenders that **ECI** participated in for network services during 2010, nine major global tenders required information about our environmental and social performance.

The value of these tenders is over $600 million, representing a significant and important part of our business.

We are pleased that our customers recognize our commitment to being a valued corporate citizen and socially and environmentally responsible provider. We believe that our unique positioning as a privately held company with a global infrastructure and a reputation for technological and service excellence which voluntarily adheres to the most advanced standards of sustainability performance combines to make us the provider of choice in our field.

Green Inspiration
Winning Photograph

In the following section, we describe ECI's environmental impacts.

On a Green Wavelength:
How ECI Makes a Green Impact with Technology

ECI's core technologies not only support environmental efficiency, but they are also important to economies around the globe and raise the standard of living in several countries. Studies have shown that the use of broadband can significantly increase work productivity and contribute to economic growth.

ECI's core technologies enable greater deployment of broadband enabling technologies as well as new generation technologies for even greater connectivity and greater environmental stewardship.

(TCO= Total Cost of Ownership)

Sustainable business combines with our environmental vision to deliver real value for our clients, society and the environment

Green Platforms and Green Technologies

The great strides made possible by communications solutions for global networking infrastructure developed by **ECI** are at the core of inherently environmentally favorable platforms which telecoms carriers and service providers around the world can use to address their current and future business challenges. **ECI** supplies best-of-breed infrastructure solutions which offer the lowest environmental impact. In this way, **ECI** technology solutions bring significant positive indirect environmental impact, a fact which **ECI** is proud to share.

In addition to complying with industry standards and regulations, and voluntary codes, **ECI** goes one step further by designing multifunctional platforms that are environmentally friendly. Multiservice platforms are by nature more environmentally favorable as they require fewer resources to operate. 1Net, **ECI's** business proposition, offers a cost-effective and environmentally safe framework to help service providers migrate their networks to the next generation while saving money and resources.

ECI's products and their key characteristics include:

- **Access platforms** are designed as multi service, supporting xDSL, fiber access and NG-voice applications from the same chassis. Whenever possible, ECI uses fan-less designs or temperature controlled fans that consume less power. Unnecessary functions and unused cards in the chassis are disabled to save energy. The platforms optimize power according to the actual length of the copper wire to the subscriber.

- **Transport platforms** are developed as converged products, supporting multiple technologies (such as SDH/SONET, WDM, Ethernet), thereby eliminating the need for multiple boxes in a node, and resulting in over a 50% reduction in total power consumption.

- **ECI's** design team strives to constantly improve the power efficiency of components and systems. For example, the XDM® SDH switching capacity has increased by 300% since 2001, while the associated power consumption has increased by only 33%.

- **ECI** has constantly enhanced automation and remote operation to minimize the need for engineers and personnel to visit remote telecom sites.

- **ECI's** Carrier Ethernet platforms include variable speed fans that are specifically designed to conserve energy. Each card's temperature is individually monitored, and the fan speed is increased only when absolutely necessary for additional cooling. The flagship 9700 product exceeds leading North American best practice for telecommunications equipment energy efficiency requirements.

Do You Know Your DSL from Your VDSL2?

The acronym DSL, digital subscriber line, refers collectively to all types of digital subscriber lines. There are several DSL types, differentiated mainly by data transfer capacities. All DSL lines are characterized by the fact that they connect a switching center and a home or office subscriber. DSL lines do not connect two switching stations. DSL works by sending digital pulses in the high-frequency area of telephone wires and cannot operate simultaneously with voice connections over the same wires. The higher the capacity for faster data-transfer rates, the lower the energy consumption required to power the system.

VDSL2 is the most advanced standard of DSL, designed to support the wide deployment of services such as voice, video, data, high definition television (HDTV) and interactive gaming. VDSL2 is an enhancement to VDSL that permits the transmission of asymmetric and symmetric aggregate data rates up to 200 Mbit/s downstream and upstream on twisted wire pairs using a bandwidth up to 30 MHz.

See the following chart for a more detailed technical comparison of DSL technologies.

DSL Type	Max. Send Speed	Max. Receive Speed	Max. Distance	Lines Required	Phone Support
ADSL	800 Kbps	8 Mbps	5,500 m	1	Yes
HDSL	1.54 Mbps	1.54 Mbps	3,650 m	2	No
IDSL	144 Kbps	144 Kbps	10,700 m	1	No
MSDSL	2 Mbps	2 Mbps	8,800 m	1	No
RADSL	1 Mbps	7 Mbps	5,500 m	1	Yes
SDSL	2.3 Mbps	2.3 Mbps	6,700 m	1	No
VDSL	16 Mbps	52 Mbps	1,200 m	1	Yes

ECI – a Leading VDSL & Vectoring Developer and Provider

As the broadband market switches from a focus on data to stressing wideband multiservice and multimedia, fatter pipes to receive content are becoming more desired. Most of the world's existing access wireline infrastructure is still copper-based. VDSL provides a response to this need and has been regarded as the most important new development in broadband technology, using existing copper lines while enabling much stronger performance. The greater bandwidth of vectored VDSL2 gives telecommunications operators the ability to offer advanced services such as multiple streams of interactive standard and high-definition TV. 3D HDTV requires 70% more bandwidth than HDTV and the vectoring solution in VDSL2 is the most effective response.
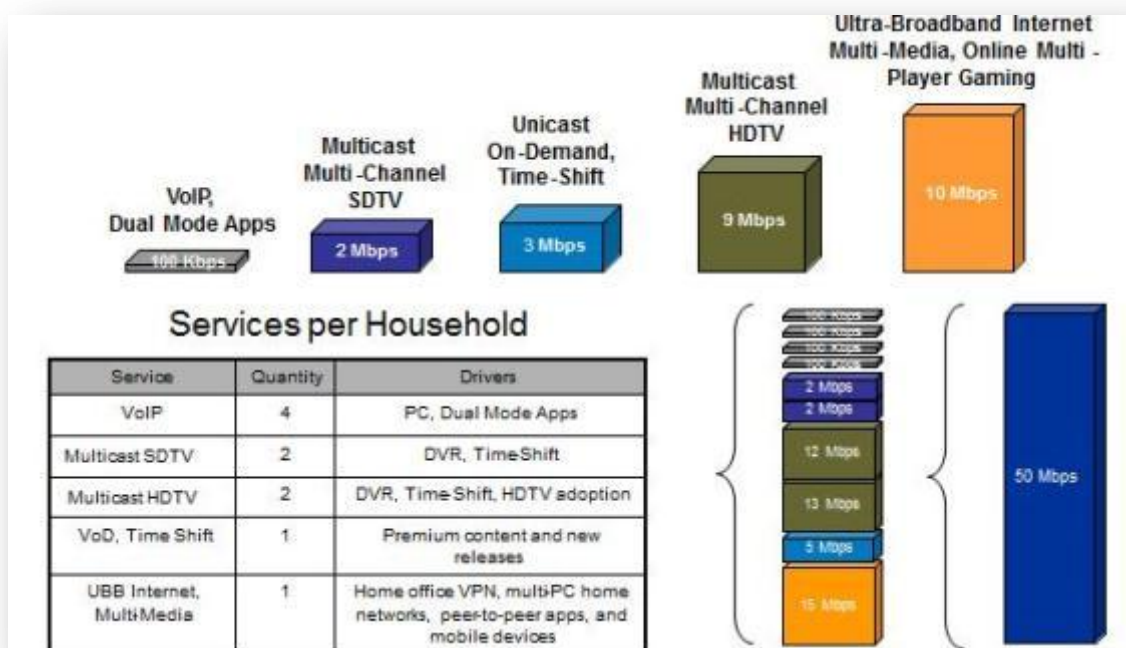
VDSL2 and vectoring have had a major impact on the way access networks are engineered because they require fewer switching cabinets and can be placed much closer to the end-subscriber to enable short-distance fastest speeds.

VDSL is mostly used in:

- **Residential applications:** VOD, online gaming, broadcast TV.
- **Enterprise applications:** Very high speed data over copper, leased lines eliminator.
- **MDU (Multi Dwelling Units) applications:** Hotels, hospitals, office buildings.

VDSL2 has the capability to significantly enhance performance while reducing the environmental burden of consumption of broadband-based services.
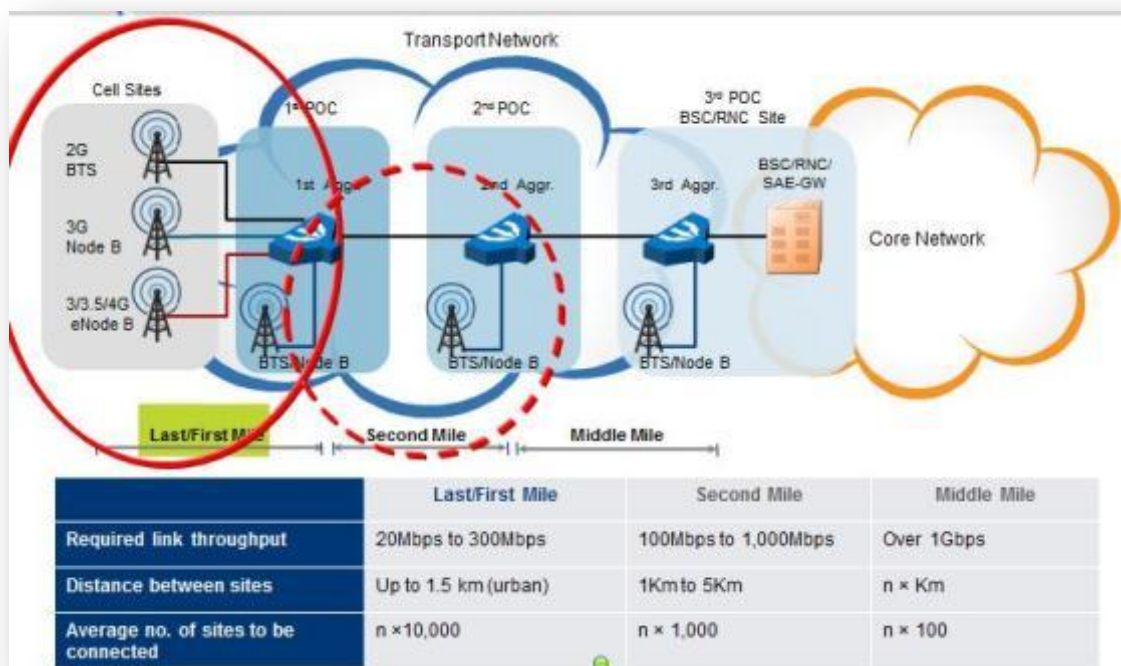
ECI has one of the leading vectoring-ready platforms in the market

Based on **ECI's** ambition to lead high-performance, energy-saving technologies, **ECI** continues to invest in advanced technologies and has become a vectoring pioneer, continuously working on on the next generation of DSL access technology and solutions

E-Band – Optimized Solutions for Low-Power Applications

E-band is the range of radio frequencies from 2 GHz to 3 GHz in the electromagnetic spectrum. This is equal to wavelengths between 15 cm and 10 cm. The newer designation of "E-Band" lies in the extremely high frequency bands from 71 to 76 gigahertz (GHz), 81 to 86 GHz and 92 to 95 GHz. It is used for short range, high bandwidth communications. E-Band wireless systems offer significant advantages to data transfer across cables for certain applications such as the highest data-transfer rates of any wireless technology currently available, long-distance transmission capability, compatibility of use in all weather conditions and fast, low-cost, low environmental-impact deployment to all locations.

ECI is a specialist in E-Band technologies for wireless radio systems and offers unique capabilities for optimized last mile data transfer. In layman's terms, this means that data transfer throughout the transport network which runs over long distances can be fine-tuned to bandwidth access traffic patterns. This ensures that the bandwidth required at different stages in the transport network is optimized to use only what is required at specific points along the route. This results in substantial power savings at those parts of the network which have lower requirements, typically the last mile.

	Last/First Mile	Second Mile	Middle Mile
Required link throughput	20Mbps to 300Mbps	100Mbps to 1,000Mbps	Over 1Gbps
Distance between sites	Up to 1.5 km (urban)	1Km to 5Km	n × Km
Average no. of sites to be connected	n ×10,000	n × 1,000	n × 100

By offering advanced E-Band options, **ECI** enables clients to become more cost-efficient while reducing their environmental footprint. Overall, **ECI's** E-Band offerings can save up to **50%** of power consumption versus other E-Band solutions available on the global market.

ECI's Environmental Design Approach

Key features of **ECI's** environmental design approach include:

- Environmental (power consumption) requirements were added to our Marketing Requirements Document (MRD) and are part of the product development process.
- DSL access products all positively comply with the EU Certificates of Conformity.
- New products include a new Adaptive Power Consumption framework to optimize power consumption.
- ECI measures key products in accordance with Verizon's Telecommunications Equipment Energy Efficiency Rating (TEEER) as a minimum standard.
- Small footprint products to help save space.
- ECI's point-and-click and central end –o-end management and service provisioning enable remote servicing of networks and avoid the need to send technicians to the field to resolve local application issues in many cases. This avoids a high level of physical car travel which also contributes to a favorable overall environmental footprint resulting from the use of **ECI** solutions.

Environmentally Guided Product Development

ECI Product Development maintains environmental concerns at the heart of the product development process and considers every aspect of product lifecycle in the design and development phases.

ECI has developed a unique Product Attributes Environmental Declaration (PAED) form. The form provides details of all the environmental specifications of the products including:

1. Conformance to voluntary environmental program requirements such as ISO14001

2. Conformance to environmental specifications, including :
   - Lifetime extension of specific parts (processors, memory, caches, etc.)
   - Spare parts availability
   - Warranty
   - Power consumption
   - Electromagnetic emission levels
   - Acoustical noise
   - Materials (such as asbestos, cadmium, mercury, ozone depleting substances, chloro-paraffins, lead, PCB or PCT etc, if these are contained in the product)
   - Disassembly details
   - Batteries contained with the product and specification details
   - Packaging materials and conformance with packaging specifications
   - Take-back information of take-back and recycling services offered by ECI

3. Company procedures for environmentally new product designs are:
   1) 42-20-15 "Principles for the design of environmentally friendly products."
   2) 22-20-21 "Environmentally friendly product packaging design."

4. **ECI** is currently working towards certification for the highly regarded U.S. Energy Star standard. Energy Star is a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy, and its goal is to help to save money and protect the environment through energy efficient products and practices. The EPA's Energy Star partnership with business offers a proven energy management strategy that helps in measuring current energy performance, setting goals, tracking savings, and rewarding improvements. For more details about Energy Star, see: www.energystar.gov

Greening Our Supply Chain: How ECI Improves Environmental Impacts

Environmental Performance: E-TASC

96% - our best score to date!

ECI maintains a commitment to the transparency of data, both internally and externally. It is important for **ECI** customers to know how the Company is performing on social and environmental issues. Some customers demand data from **ECI**, and others are happy to receive our self-generated data reports.

ECI subscribes to E-TASC (Electronic Tool for Accountable Supply Chains) – a web-based electronic tracking system for environment, labor, health, safety and ethics-related practices. The system requires quarterly input of all relevant data, and it collates scores to form a scorecard which identifies high to low risk issues. The E-TASC questionnaire (which is 70 pages long and includes significant detail) consists of two major components C and F, each subdivided into three parts that can be completed independently by different personnel according to their areas of responsibility:

• **C: Corporate-level Social and Environmental Responsibility**
- CB: Basic Company Information
- CL: Labor Management and Ethical Conduct
- CH: Health, Safety and Environmental Management

• **F: Facility-level Social and Environmental Responsibility**
- FB: Basic Facility Information
- FL: Facility Labor Management and Ethical Conduct
- FH: Facility Health, Safety and Environmental Management

ECI has been completing the E-TASC questionnaire since March 2008, initially in response to a request from our client, Deutsche Telekom, whom we authorized to view all data input to the system. Since then, additional clients use the E-TASC reporting for a fast and comprehensive route to our overall Corporate Responsibility and Environmental Performance data.

ECI's average score across all categories is extremely low risk, with an overall average result of **96%** for the second half of 2010. The breakdown by topic of these scores is as follows:

ECI E-TASC Score	Corporate score - end 2010
Ethics	**95.1%**
Health & Safety	**96.6%**
Labour	**95.2%**
Environment	**98.1%**

(N.B. The overall average of 96% includes additional corporate level data not shown here.)

Since **ECI** started using E-TASC in 2008, **ECI's** overall score has improved from **86.9%** to the current level of **96%,** thereby demonstrating the Company's commitment not only to transparency but also to improvement of performance.
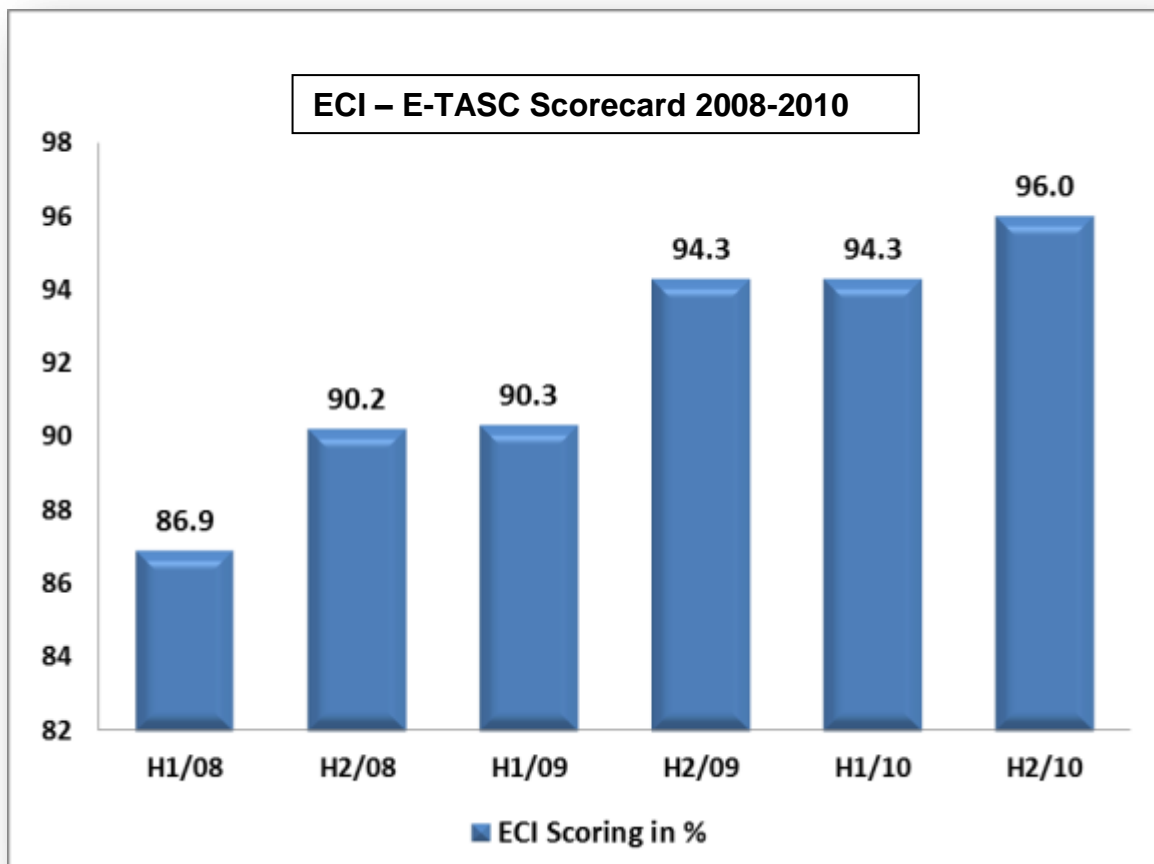
For more details on E-TASC, please see the website: http://e-tasc.achilles.com/default.aspx

ECI Environmental Management Policy and System

ECI is driven to provide customers worldwide with network telecom infrastructure that will enable them to address current and future business challenges, and in doing so, consider environmental impacts through the use of environmentally friendly technology and technology-driven infrastructures. **ECI** is committed to achieving high standards of environmental quality and has established, implemented, and maintains Environmental and Health & Safety Systems in line with the highest global standards available.

Specifically, **ECI** is committed to:

- Conserve natural resources and reduce the environmental burden of waste generation and emissions to the air, water, and soil.
- Reduce risks and remove environmental hazards through systematic identification, assessment, and control, and by encouraging employee awareness, individual obligation, and proactive involvement.
- Develop, manufacture, market, and service products that are safe for their intended use, environmentally friendly, and that can be reused, recycled, or safely disposed of.
- Continuously improve Environmental, Health & Safety Management Systems and Performance.

Environmental Risk Assessments

ECI regularly carries out environmental risk assessments as part of **ECI's** overall corporate Risk Review. All environmental risk possibilities are reviewed at least annually and often more frequently. Risk assessments are referred to **ECI's** Executive Management for review, and action programs to address issues are developed and implemented.

ECI External Environmental Standards

The standards to which **ECI** adheres to as a matter of basic good environmental practice, which reflect **ECI's** precautionary approach, are:

ISO 14001 (Environmental Management)
ECI maintains ISO 14001 certification in all of its own production, logistics and administrative and service operations as a matter of policy, since 1998. All sites in Israel are formally certified, as are all of **ECI's** outsourced manufacturing operations. As with all ISO Standards, each site is regularly audited and corrective actions are taken where necessary on an ongoing basis.

ECI complies with all relevant regulations and directives and **ECI** suppliers are required to adhere to these standards and directives as a minimum condition of eligibility to supply **ECI**. The key standards are as follows:

REACH (Registration, Evaluation, Authorization and restriction of Chemicals)

REACH is a new European Union regulation concerning the <u>R</u>egistration, <u>E</u>valuation, <u>A</u>uthorization and restriction of <u>Ch</u>emicals. It came into force on June 1st, 2007. REACH applies to substances manufactured or imported into the EU in quantities of 1 tonne per year or more.

RoHS (Restriction of Hazardous Substances)

RoHS prohibits the use of lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls (PBBs) and polybrominated diphenyl ethers (PBDEs) in electrical and electronic products. This directive was effective in the European Union from 2006. **ECI** applies this directive to <u>100%</u> of its products on a voluntary basis, even though not all of our global operations are bound by the directive.

WEEE (Waste Electrical and Electronic Equipment)

The WEEE directive of the European Union refers to the recycling properties of electrical and electronic products, and it requires manufacturers to assume the costs of collection, treatment, recycling and recovery of all waste electrical and electronic equipment manufactured or marketed by them. This directive has been in force since 2005. **ECI** applies this directive to <u>all</u> its production on a voluntary basis, even though not all of **our** operations are bound by this directive.

Management Commitment and Environmental Communications

ECI's management is committed to environmental, health & safety policy and reviews its management system and environmental program results every quarter. Furthermore, the environmental policy and practices are explained and discussed within the framework of the general training given to all employees, and are widely communicated across the Company. In line with **ECI** adherence to ISO 14001 requirements, **ECI** reports all key environmental metrics internally every six months. These reports are issued to the Company's management and reviewed in detail. Environmental performance management is carefully assessed both quantitatively and qualitatively within the Company.

Paper Usage

A further 20% reduction in paper usage in 2010!

ECI makes every effort to reduce paper usage in the Company and has achieved significant and continuous progress over the past five years. Overall, this represents a reduction in usage calculated on a per employee basis from 28 kg per employee in 2006 to 10.2 kg per employee in 2010.
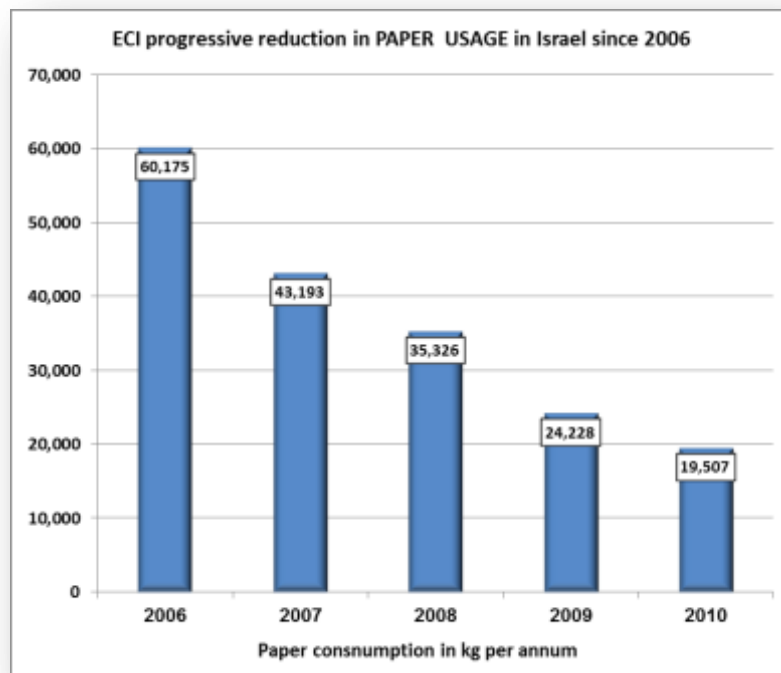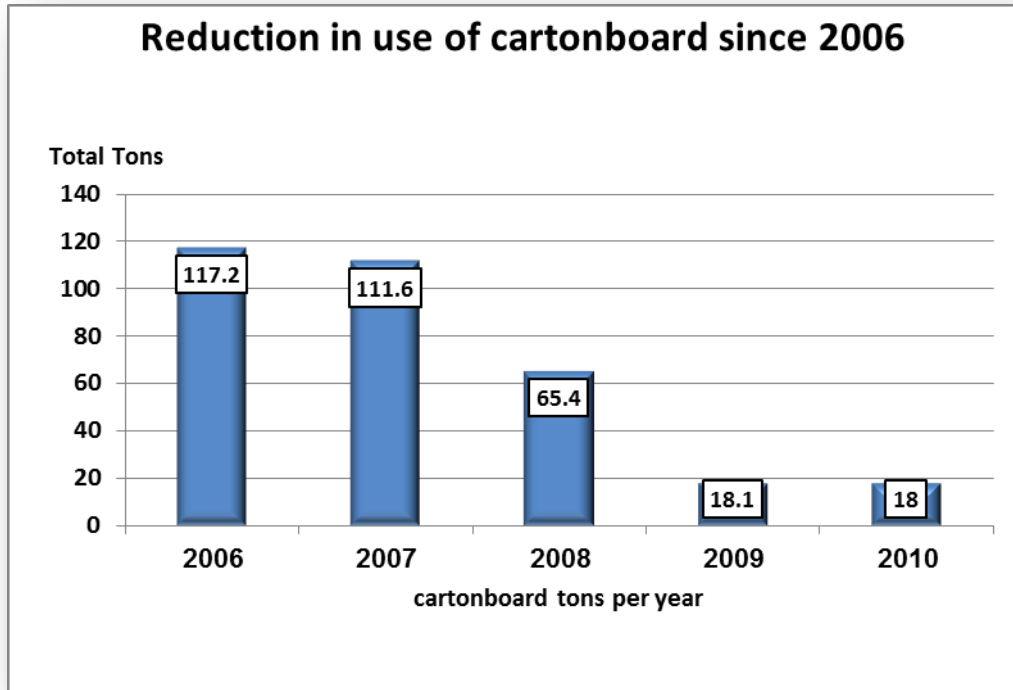

These reductions have been achieved through the consistent implementation of process changes such as:

- Increase in employee awareness through "All4Green" activities.
- Use of double-sided default printing in all **ECI** offices and manufacturing locations.
- Reuse of one-sided printed paper for internal purposes.
- Paper toweling in washrooms is dispensed in separate sheets.
- Significantly reduced levels of photocopying from 7.2 kg weight per year per employee in 2006 to 5.1 kg weight per year per employee in 2010.

Cartonboard usage

ECI makes every effort to reduce cartonboard usage in the Company and has achieved significant and continuous progress over the past four years. The following chart shows a massive reduction in cartonboard usage over four years, which includes a significant reduction following **ECI's** move to outsourcing in 2008.


These reductions have been achieved through consistent implementation of the following:

- Redesign of **ECI** packaging with reduced cartonboard requirements
- Consolidation of product packaging types
- Use of lighter weight cartonboard for packaging

Electricity Consumption

20% reduction in electricity consumption by employee in 2010!

ECI has made, and continues to make, every effort to reduce electricity consumption in all the Company's operations as can be shown in the following chart.
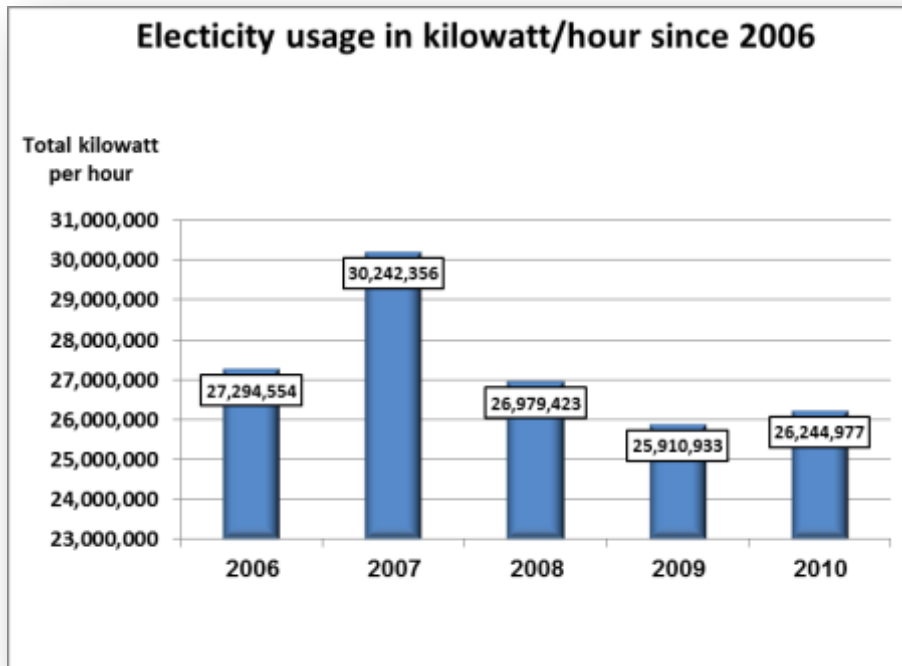
Despite a slight increase in electricity consumption in 2010, following an increase in the number of employees at **ECI,** the average consumption per employee decreased by over 20% in 2010 versus 2009.
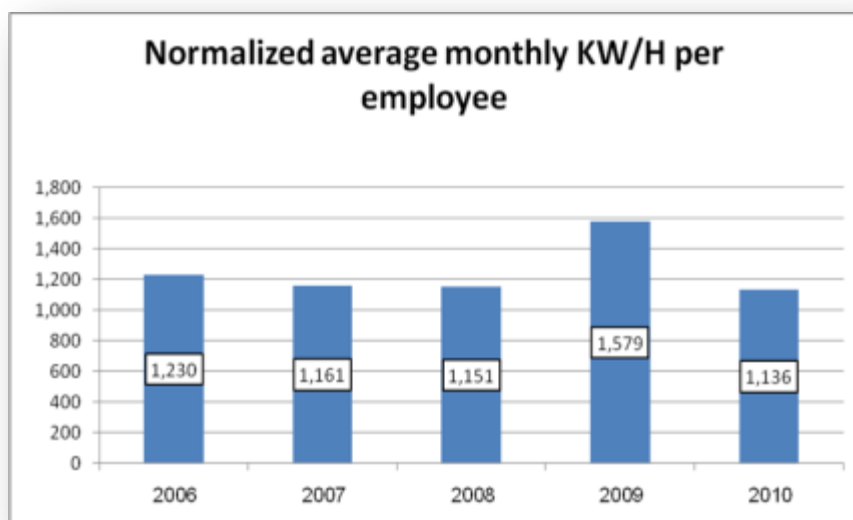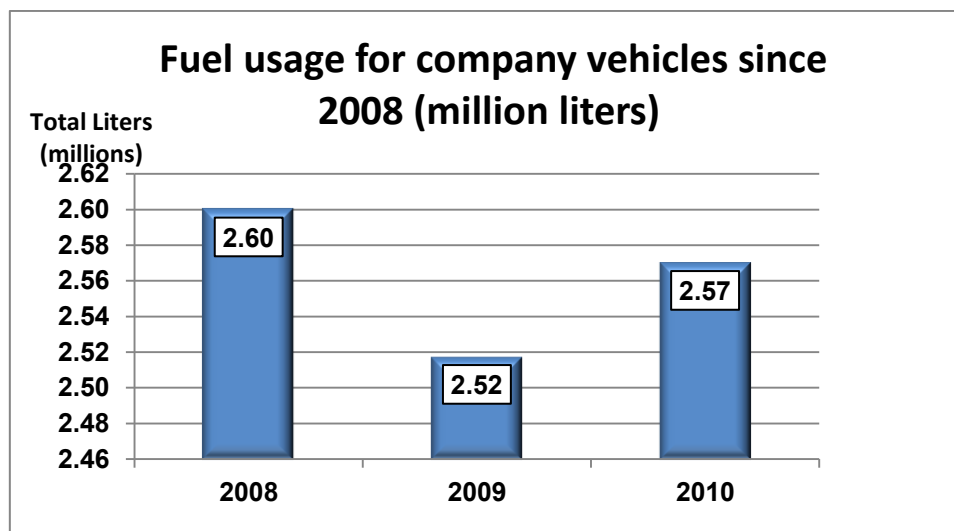
Electricity consumption reductions have been achieved through:

- Continuous implementation of responsible practices in all Company offices and locations including automatically turning off lights and all electrical and computer equipment when not in use.
- Use of sensors in meetings rooms, offices, and corridors to shut off air conditioning and lights when not in use.
- Replacement and use of higher energy efficient equipment including replacement of fluorescent illumination bulbs.
- Replacement of cold water pumps to improve efficiency.
- Replacement of insulators of the air-conditioning cold water pipes.
- Replacement of chillers in the main office building.
- Installation of building control system for air-conditioning savings.
- Replacement of fresh air units from old to DUCOOL (improved units) at main offices.

Fuel Consumption

ECI makes every effort to reduce the levels of fuel consumed through the operation of Company vehicles, both through reduction in overall number of vehicles (1,008 in 2008 to 972 in 2009 and 2010) and through improved fuel-efficient practices. A small reduction in fuel usage since 2008 can be seen in the following chart.

Fuel usage for company vehicles since 2008 (million liters)

Total Liters (millions)

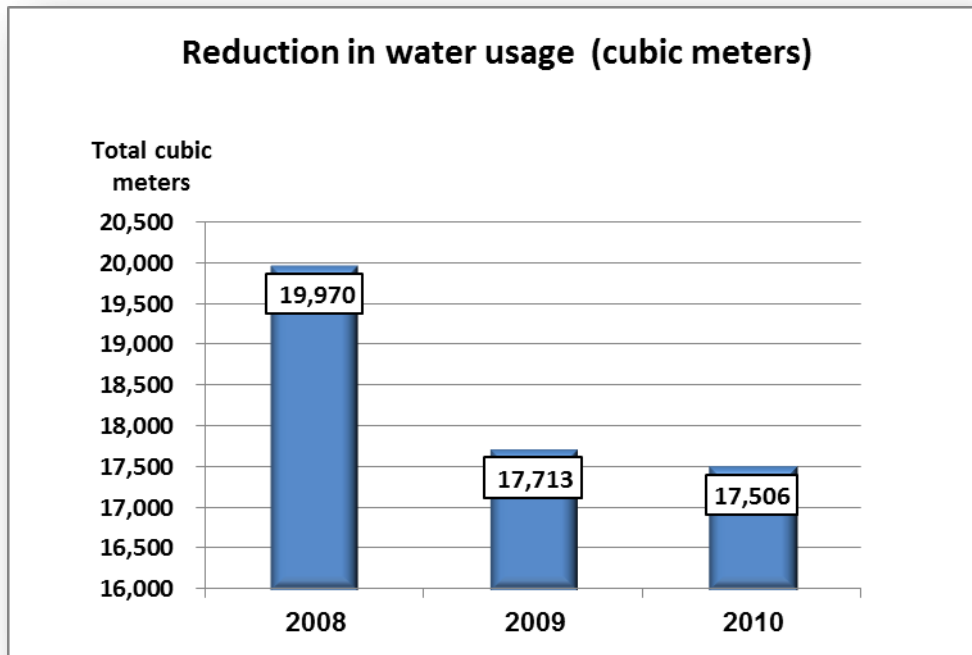| Year	Total Liters (millions)
2008	2.60
2009	2.52
2010	2.57

This reduction has been achieved through:

- Increased use of car pooling.
- Move to partial use of hybrid vehicles.
- Training of **ECI** employees in fuel efficient driving practices.
- Greater use of virtual alternatives for meetings instead of physical meetings requiring travel.

Water Consumption

A further 12% reduction in water usage in 2010!

ECI makes every effort to reduce water consumption in the Company, as is demonstrated by the following chart:

Reduction in water usage (cubic meters)

Total cubic meters

| Year	Total cubic meters
2008	19,970
2009	17,713
2010	17,506

This reduction has been achieved through:
- Use of water-efficient taps.
- Automatic irrigation of gardens and reuse of water in air-conditioning systems.
- Encouraging employees to use the half-flush tank in bathrooms.
- Monthly company vehicle dry car-wash, avoiding significant water usage.

Industrial Waste

A further 9.75 % reduction in waste in 2010!

ECI has made, and continues to make, every effort to reduce industrial waste in all the Company's operations as can be shown in the following chart. Industrial waste includes all electronic waste, metals, batteries and more.
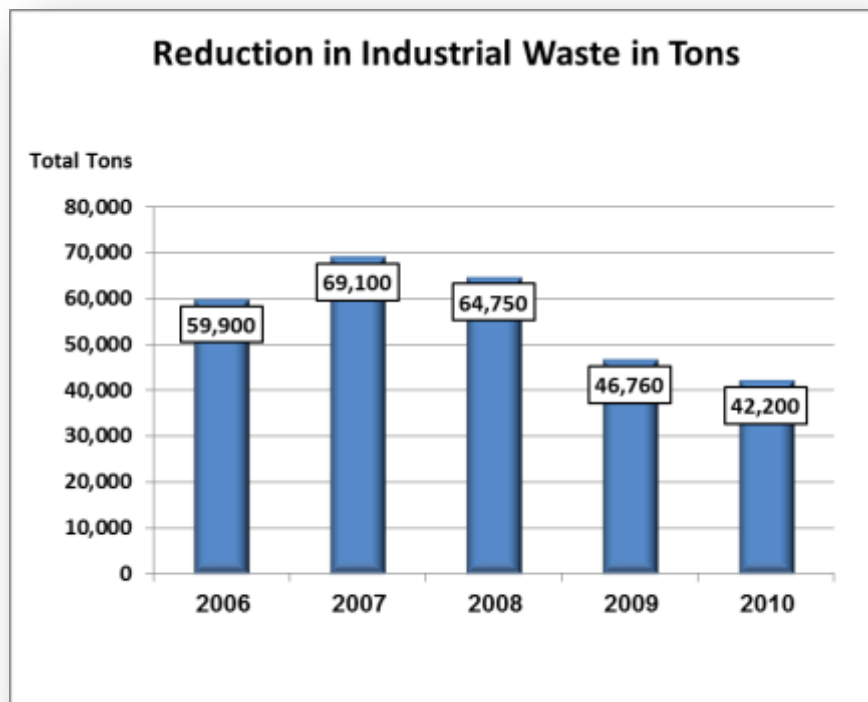

The reduction in waste has been achieved by:
- Conscious consumption of all resources.
- Encouraging employees to recycle all electronic waste.
- Recycling CDs.
- Recycling of used batteries.
- Use of rechargeable batteries.
- Longer replacement periods for electronic equipment.

Waste to Landfill

A further 39% reduction in waste to landfill in 2010!

ECI progressively reduces negative impacts on the environment as a result of waste which is sent to landfill as can be seen from the following chart.

Reduction in waste to landfill (tons)

Total Tons

Year	Total Tons
2008	445
2009	371
2010	255
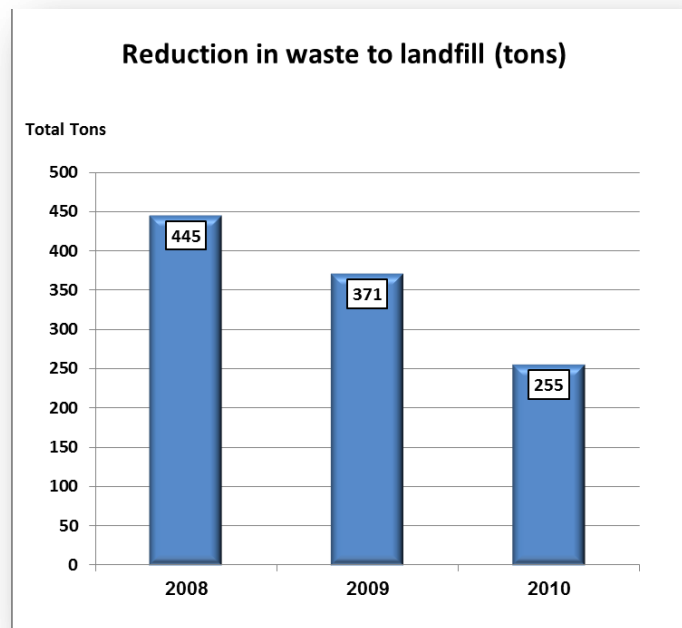
This is a result of a reduction of the total overall waste levels generated as mentioned above and increased levels of recycling in the Company.

Environmental Goals 2011
(versus 2010 performance)

Reduce absolute electricity consumption by 3%
Reduce water consumption by 3%
Reduce paper usage by 10%
Reduce industrial waste by 10%
Reduce CO_2 emissions by 3%

Employee Awareness of Environmental Issues

ECI employs an internal Environmental Trainer on a full-time basis, whose main work is to develop employee environmental training programs and assist employees in implementing environmental practices. Employee training includes familiarization with the ISO 14001 standard, which is very detailed in its attention to environmental issues. In addition, a very strong internal communications program about environmental issues is a feature of **ECI's** internal processes to ensure heightened environmental awareness on the part of employees, and improved personal accountability for environmental practices.

Recycling corners are installed in all communal areas with containers for paper, plastic and electronic waste recycling, making it easy for employees to make recycling a habit.

This has enabled **ECI** to deliver significant performance improvements as mentioned in the above sections.

Outsourcing and Environmental Impacts

All **ECI** outsourcing suppliers are made aware of **ECI** environmental objectives and strive to support **ECI's** overall impact though their own operations. The largest of these outsourcing operators, as previously mentioned, is Flextronics, who maintains outstanding environmental practices as can be seen on the Flextronics website: **http://www.flextronics.com/sbs/about/default.aspx**

Together, **ECI** works with Flextronics and other suppliers to review production and supply practices and identify opportunities for environmental impact reduction.

Green Inspiration
Winning Photograph

In the following section, we describe workplace, community, and ethical business practices.

Investing in Employee Development

ECI believes in investing in employee development in order to ensure productive and motivated employees and safeguard business continuity. **ECI** is committed to the personal and professional development of employees in the workplace. **ECI** develops and maintains a range of training and development programs to ensure all employees have the opportunity to develop and progress, including learning skills which are required on the job. **ECI's** training programs include professional technical training and leadership and management training.

ECI employees learn lifelong professional skills which enable them to contribute at the height of their potential. During 2009/2010, an opportunity to significantly enhance **ECI's** sales performance and support employee development was identified and the Sales Managers On-Boarding Program was developed.

Sales Managers On-Boarding Program

The program targets to ensure a successful induction period that will assist the new Sales Managers to become effective in a short period of time. Each new Manager is supported by a Head Office Coordinator who tracks progress and ensures the right momentum, as well as a personal mentor who provides assistance and guidance every step of the way.

The program objectives are based on an effective learning process and will lead to the following:

- **Understand the ECI offering:** This is probably the most important aspect of the On-Boarding Program, giving new Managers a thorough grounding in all the **ECI** products they will market to their customers in their different geographies. The more familiar new Managers are with the **ECI** offering, the more confident they will be when dealing with clients and responding to their queries.
- **Work procedures:** New Managers need to know quickly how to navigate the organization and get to the right people within **ECI.** The On-Boarding Program ensures they get this information very early on.
- **Sharing of information:** This is one of the first exposures of new Sales Managers to **ECI's** company culture of sharing of information and open communications. This program encourages new Managers to share their thoughts and insights about what they have learned and experienced and offer suggestions for improvement.
- **Sense of belonging**: We want all our employees to feel a valued part of the **ECI** Team. Statistics show that employees are more productive and more motivated when this sense of belonging is embedded at an early stage of their employment. The On-Boarding

Program gives new Sales Managers the best chance of success for the long term by ensuring they feel entirely at home at work from the very first day.

- **Start working independently**: The On-Boarding Program enables new Managers to stand on their own two feet very early in their new role, giving them a sense of achievement while ensuring the efficient use of resources for **ECI**.

- **Deliver faster:** Everyone wants to succeed and this is as important to **ECI** as it is to new Managers. This On-Boarding Program enables new managers to feel success by delivering sales almost from day one.

In 2009/2010, 22 new Sales Managers participated in the On-Boarding Program. Here is some feedback from the trainees and their mentors:

Feedback from Trainees

Andy Cutler, UK

The On-Boarding programme helped me integrate with and understand ECI very quickly. It gave me a very good understanding of the company, products and people. It enabled me to be more effective in the organization and quickly start meeting with customers, understanding their requirements and developing proposals. Having a mentor as part of the programme was also extremely useful. Also, having a specific amount of time after which there was an examination with a high pass level focussed my mind and made me take the process very seriously.

Kevin Feely, USA

The On-Boarding program allowed me to ramp up on the company, policies and procedures, cultural differences, intranet resources, company security, and breadth of product. Without this self-paced training, I would have had to travel more and frequently call my Manager, co-workers and system engineering resources to uncover vital working information. During the program, I could work at my own pace, allowing me to engage in customer activities one week and intensely focus on the on-boarding training for a few days the next.

Manuel Adlerfligel, France

The On-Boarding program helped me get autonomous rapidly on ECI profile, portfolio & processes. I got the feeling of being welcome in the company and not arriving anonymously just as an additional employee. Then, the knowledge about (1) the information systems, (2) the portfolio, (3) the company profile helped me get to work fast. At the end of the day, the ability to face customers on your own is the sign of success.

Feedback from Mentors

Edmund Lim, Singapore

Mentoring a new salesperson as part of the On-Boarding program helps me to hone my skills on coaching and leadership. On a personal level, it provides me a sense of satisfaction when new colleague appreciate your mentorship and indeed settle well into the company. It's a good change apart performing my day to day duties of chasing deals/sales.

John Swain, UK

The benefits I gained from the experience as a mentor were as follows: -

1. Recap of product information that I don't use on a day to day basis.
2. Better visualization of organization chart and discovery the additional people who should be in my network.
3. Teaching someone else product information that you think you know, reinforces that information in your own mind.
4. Feel good factor that you are helping someone else grow in the company.
5. Sharing of ideas as to how new opportunities can be developed individually or jointly.
6. Sharing of market information on new and existing customers.

Promoting Understanding and Acceptance

As a global company, **ECI** faces challenges in ensuring an effective workplace in which people of all backgrounds and cultures are able to understand, communicate and work collaboratively and collegially together. **ECI** is committed to a diverse workplace as a key to successful business and also because this underpins our overall corporate values. **ECI** therefore invests resources in ensuring that cultural challenges are addressed in a way which respects all people and ensures opportunities for all employees, whatever their background.

During 2010, **ECI** developed an online training module designed to help employees understand other cultures and ways of doing business, and familiarize themselves with cultural differences, relevant history and accepted business practices.

Eight separate programs were developed relating to eight national / regional cultures:
- China
- Israel
- India
- Latin America
- Russia federation
- USA
- Africa (2)

Several employees have completed the cross-cultural module and confirmed that this helps them in their interactions with other **ECI** colleagues around the world.

A Healthy and Safe Workplace

ECI is committed to upholding the rights of all employees and visitors to **ECI** locations to a healthy and safe working environment. All **ECI** operations around the world have policies, practices and processes in place to ensure compliance to all laws, regulations and accepted industry standards in their respective countries of operations. Management of safety performance is regularly reviewed by senior management. **ECI** is compliant with all legal requirements in every respect, and in many cases, exceeds minimum requirements.

All **ECI** facilities are certified to OHSAS 18001 standard and are regularly audited against its requirements. Internal and external safety audits are frequently performed, and job safety analyses are regularly implemented and corrective actions taken where appropriate. During 2010, five internal audits and one external audit (by the Israel Standards Institute) were conducted covering 298 individual inspection points. 69 individual corrective actions were noted and most of these were addressed in 2010.

Key areas corrective actions include:

- Updating JSA (Job Safety Analysis) due to decrease of risks in laboratories, checking of battery functioning and working at height.
- Approval of laboratory employees for health and safety information.
- Update to the process for first aid: formal responsibility for first aid boxes and control, updated medical assistance to employees, etc.
- Checking of equipment in fitness room every six months.
- Fire-extinguisher, noise testing and earphones in laboratories.

Accident Frequency and Lost Days Rates
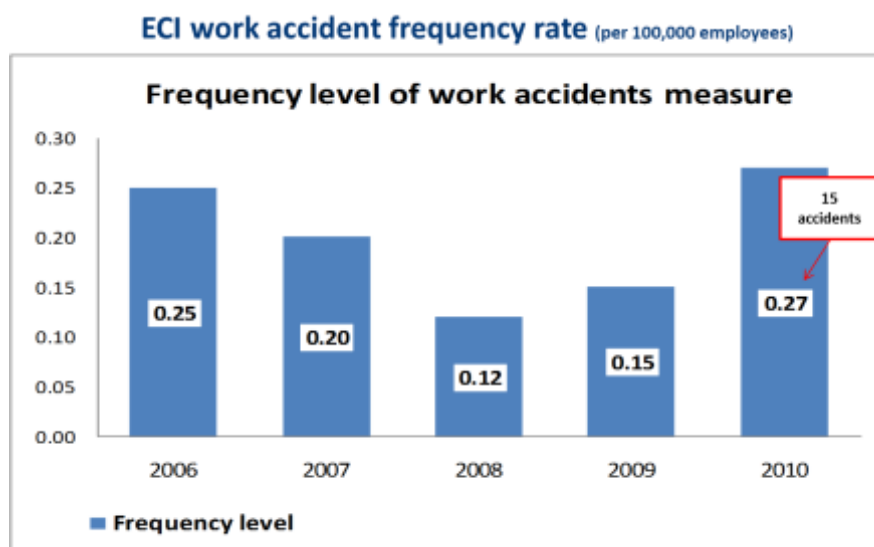
Despite the increase in 2010, due to some accidents during team building days using external service providers, the types of accidents occurring at **ECI** have become increasingly

minor in the last two years. New procedures have been established to ensure team building days are conducted with due care in the future.

Lost Day Rate due to accidents (per 100,000 employees)
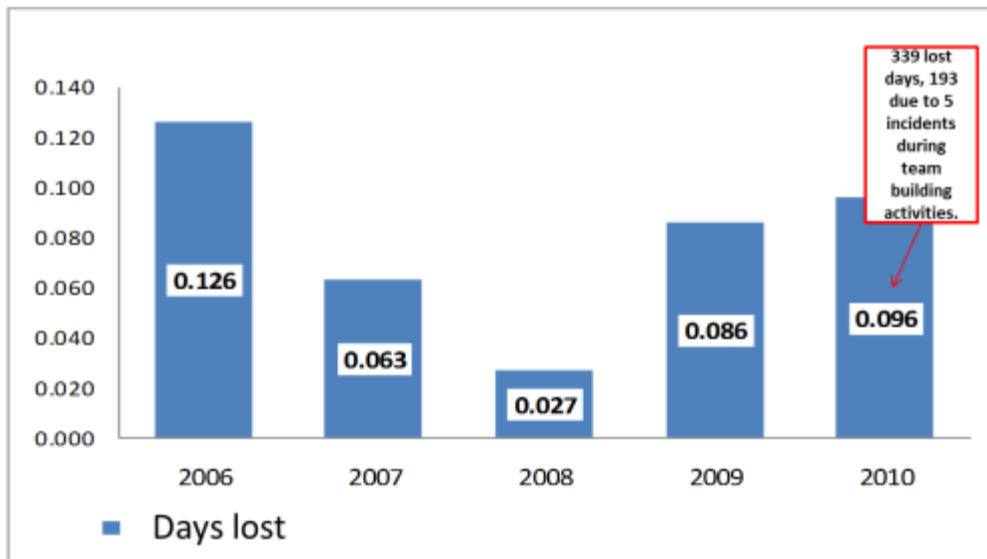
As can be seen below, a large proportion of accidents occur within the sphere of road safety. More attention will be paid to this important area of employee safety in 2011 and beyond. Our goal for 2011 is to reduce car accidents by at least 10% versus 2010.
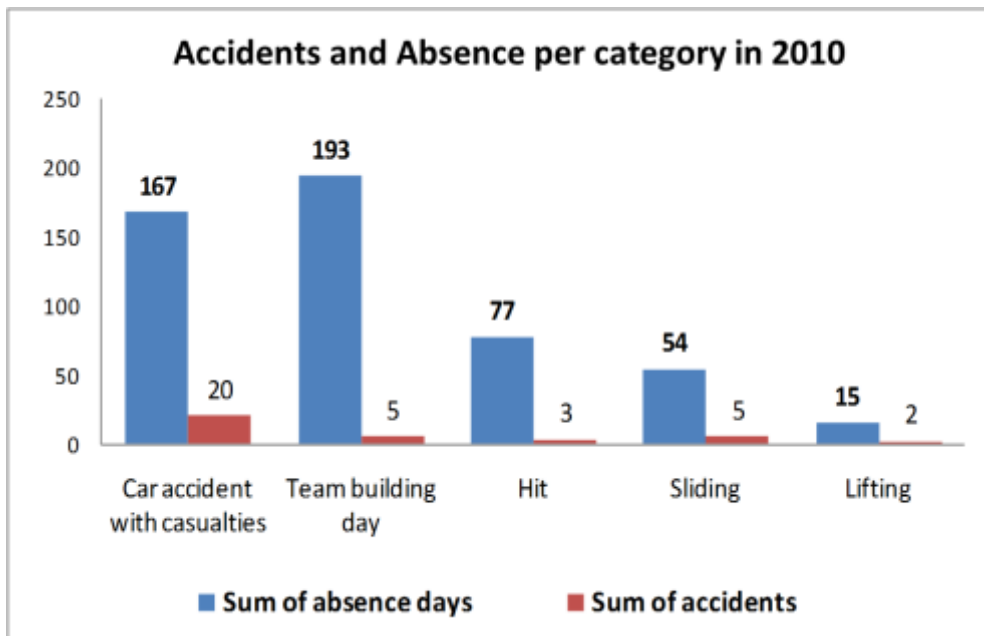
NOTE: Hit refers to falls or collisions with inanimate objects

Equal Opportunity, Diversity and Inclusion

ECI upholds a strict global policy of equal opportunity, diversity and inclusion which is reinforced in the corporate Code of Ethics. All employees, whatever their background, race, nationality, gender, color and all other indicators of diversity are welcome to join **ECI** around the world and enjoy the equal opportunity in all aspects of their employment with the Company. Terms and conditions of employment, including salary and remuneration, are applied equally for all employees based on performance and potential.

Advancement of Women

ECI supports the development of women in the Company and endeavors to ensure accessibility to all types of roles at different levels of the organization. **ECI** seeks to create a culture of inclusion where both men and women understand the need to work together in a collaborative way based upon mutual respect. During 2009, initial work was completed to review the position of women in the business and develop a strategic approach to encouraging more women to join **ECI** and to advance to positions of greater responsibility. A Women's Network was formed to advance this work in 2010.

Employee Performance Review

All employees participate in a formal annual performance appraisal which seeks to evaluate their contribution and identify areas in which the Company can support further personal and professional development. One key element of the performance appraisal includes the section "Living our Values," which carries significant weight as one of the four sections of the evaluation and is designed to reinforce embedding of a values-based culture at **ECI.**

Our Investment in Capacity Development in Local Communities

An important part of upholding and promoting human rights is the investment we make as a business in our local communities, to strengthen the fabric of communities and ensure all individuals have improved chances of realizing their life-goals, in many different ways.

ECI is an active citizen in the global and local business and social community, and conducts itself in accordance with the principles of social responsibility. **ECI**'s Social Investment Policy can be viewed at the following link:

 www.ecitele.com/AboutECI/Community/Social_Investment_Policy_projects.pdf

ECI's Community Investment Policy

The key focus of **ECI's** Community Investment Policy is to inspire individuals or groups to use their potential to change their personal circumstances and help disadvantaged groups to understand and exercise their social rights. **ECI's** annual community investment budget reaches $500,000 per year.

Channels
- Citizens' rights centers in the community: assisting individuals inquiring about issues such as labor, housing, mortgage laws, etc.
- Community programs for community empowerment, such as re-entering the labor market, reading books together with underprivileged children, workshops on "The World of Technology" for underprivileged children.
- Advancing youth education to create equal opportunities in education, self-realization and self-actualization through personalized programs for academic, emotional, and social advancement, enrichment workshops, development of entrepreneurship and nurturing leadership skills among the young.

Partners

ECI partners with a range of not-for-profit organizations in order to deliver the most effective social investment programs, taking into account true community needs, and executing programs in the most appropriate way possible. Our partners include:

- **Matan**, a not-for-profit organization that advises companies about approaches to corporate giving and oversees the practice for proper implementation. For more details about Matan, see: www.matanisrael.org.il/SITE/EN/HOMEPAGE.ASP

- **Yedid**, a not-for-profit organization which strives to empower individuals and communities among the less fortunate sectors of society and among new immigrants

in Israel. **ECI** has been actively involved in establishing a Citizen Rights Center in Petach Tikva, which now responds to over 150 inquiries each month and initiates community projects to empower the community: workshops on managing a family budget and workshops on "the power of money" for school children. For more information about Yedid, see: ww.yedid.org.il/english

- **Tzeva**, an educational not-for-profit organization that strives for social change by empowering underprivileged youth. For more information about Tzeva, see: ww.tzeva.org.il/english.php

- **The Young Entrepreneurs Organization,** which runs a "Young Entrepreneurs Doing Business" program encouraging and exposing young people to business entrepreneurship, including the setting up of a mini-company. ECI employees mentor students in the development of their business programs. For more information, see: www.ja.org

- **Leket Israel:** a food rescue and distribution organization, harvesting unpicked fields and salvaging food waste from restaurant and catering operations for distribution to those in need. For more information on Leket **,** see: www.leket.org

More details can be found on **ECI's** website:
 www.ecitele.com/abouteci/CorpResp/Pages/For-The-Community.aspx

Company Volunteers

22% increase in company volunteering in 2010
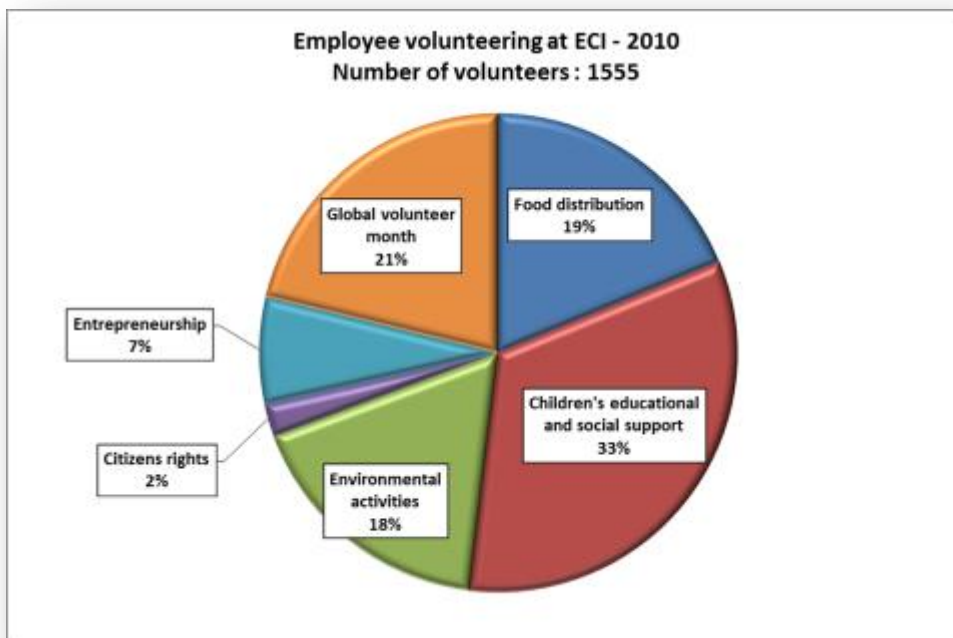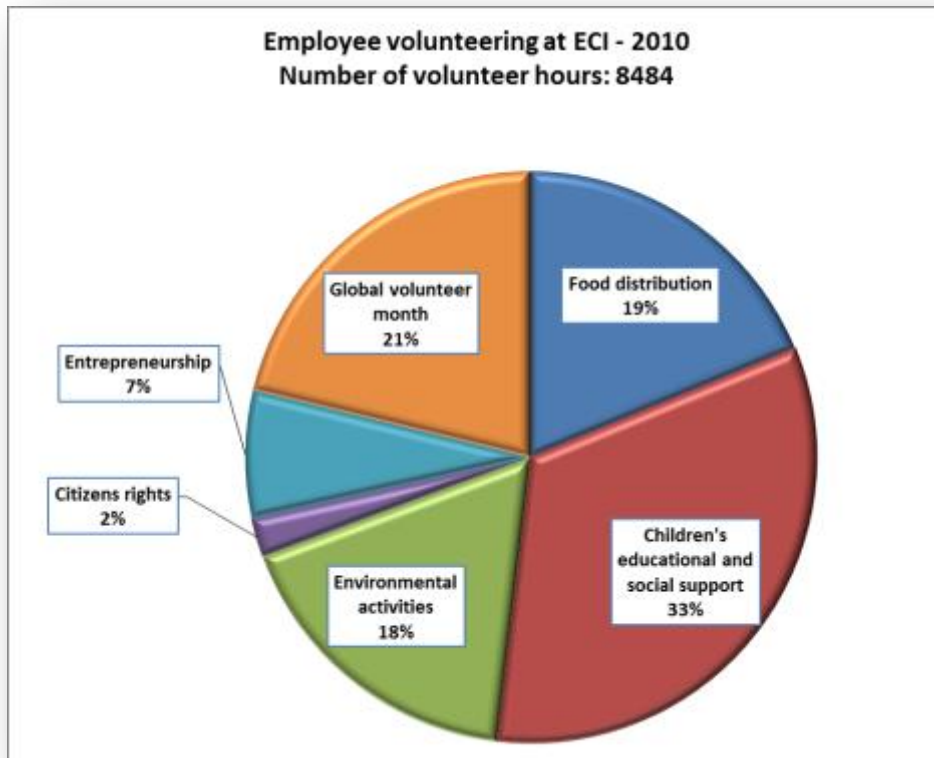**1,555 employee volunteers and 8,484 volunteer hours**

Employees and their families are encouraged to volunteer in their communities. Activities are held near **ECI** locations to strengthen ties between the Company and the local community. The range of activities is diverse enough so that every employee may select what best suits his or her interest, availability, capabilities and degree of commitment. An annual event is held to recognize and thank volunteers.

To facilitate volunteering, the Company allocates hours of volunteering at the expense of work time and provides:

- Ongoing activities (volunteering on a permanent basis over a long period): up to three hours of volunteering per month at the Company's expense.
- Intensive activities (concentrated, one-time activities): up to half a workday at the Company's expense.

Overall, in 2010, employee volunteering increased by 22% to 8,484 volunteer hours. Similarly, the number of employees engaging in volunteer activities increased by 10% to 1,555.

Much of this increase, in addition to the ongoing encouragement of employees throughout the year, was due to a special global effort called "Make a Difference Month" which attracted many new employee volunteers in a wide range of activities.

Employee volunteering at ECI - 2010
Number of volunteer hours: 8484

Global volunteer month
21%

Food distribution
19%

Entrepreneurship
7%

Citizens rights
2%

Environmental activities
18%

Children's educational and social support
33%

Employee volunteering at ECI - 2010
Number of volunteers : 1555

Global volunteer month
21%

Food distribution
19%

Entrepreneurship
7%

Citizens rights
2%

Environmental activities
18%

Children's educational and social support
33%

Make a Difference Month

At **ECI**, a strong emphasis is placed on promoting social responsibility and environmental responsibility to all employees and new, creative ways of doing this are developed each year. In 2010, for the first time, **ECI** declared November as '**Make a Difference Month.'** During the entire month of November, at all **ECI** offices all over the world, focus was placed on volunteer efforts in local activities within the community and for preservation of the environment. Each **ECI** office selected a specific type of volunteer activity in which employee volunteers took part. Overall, during November, **over 500 employees took part** in a range of different activities, including 200 employees from locations outside **ECI'**s home base in Israel, where volunteering programs have been running for several years.

Activities included:

<u>UK:</u> Sponsored run and fundraising charity walk for leukemia research.
- <u>**Germany:**</u> Refurbishment of the garden in an open house for the benefit of the community.
- <u>**Holland:**</u> Preservation activities of nature reserves.
- <u>**Russia:**</u> Delivering walking frames to elderly and disabled people.
- <u>**USA:**</u> Serving food to the elderly and homeless, working in food banks for sorting and assembling food parcels.
- <u>**Mexico:**</u> Volunteering at an orphanage.
- <u>**Costa Rica:**</u> Painting classrooms and donating cash and equipment for rural schools.
- <u>**China:**</u> Encouraging people to join in activities for environmental protection by distributing information including communications to tourists to behave in a carbon-conscious way in tourist areas.
- <u>**Philippines:**</u> Participating in a run for improving maternal health.
- <u>**Singapore:**</u> Cleaning homes and spending conversation time with the elderly in a home for the aged and sick; participating in a charity run in support of an activity center for the elderly.
- <u>**Israel:**</u> Building an environmental statue from waste material accumulated during a day's work; gardening at day-care center for the elderly; a day of sports at the center for disabled; painting and gardening at a school; packing and distributing food to needy families; packaging gift parcels at a non-profit organization; gleaning fruit and vegetables for the needy; cleaning beaches; taking dogs for a walk from the local animal shelter; preparing and distributing sandwiches to schools; cleaning and maintaining walking trails at a nature reserve.

ECI launched a special internal portal for employees to register for activities in their location as well as to input their personal stories and report their volunteering activities.

CARES FOR THE COMMUNITY AND THE ENVIRONMENT

Make a Difference Month - November 2010

Promoting social responsibility and furthering environmental awareness are significant facets of ECI's business approach and of its long-term strategy.

Within the context of efforts we make to further this way of life, we have decided to declare November as *'Make a Difference Month'* at ECI.

During all of November, wherever we have offices all over the world, we will focus more of our volunteer effort on local activities within the community and for preservation of the environment.

Each office has been asked to choose a specific type of volunteer activity in which company employees who volunteer will take part.

This portal is dedicated to volunteering.

Volunteers from our offices all over the world are requested to enter the portal, tell their story, describe their activities, and share their personal experience about how it was for them and for the group. You can also attach photos!

So go ahead and *Tell Us Your Story*

We look forward to read your story and to watch pictures from your activity.

Your stories in pictures:

See pictures from selected stories displayed here

DSC_6955

Tell us your story >>

Read all stories >>

Back to Home Page >>

Close

Name:	Sonja Sonntag
Country:	Germany
Short title description of activity:	Improvement of the garden in an open house for the youth
Field of activity:	Youth
Number of employees who participated:	9
How many people in the community benefited from your volunteer activity?	1000
Describe the activity:	27 October 2010. 9 employees of ECI Germany went to the café portstrasse in Oberursel, a place for youth and culture, which was recommended by the city authorities. Even the cold and rainy weather did not prevent us to make a first step regarding volunteering work in Germany supported by ECI. The café is an adventure pedagogy place and offers a sport day. Kids and youngsters can try e.g. the climbing wall outside of the building. This one was very dangerous in the past as the ground was not well-sprung. Tobias Ackermann, Oliver Heim, Robert Reichel, Werner Seel and Thomas Stueber had to remove 15 centimeter deep grass ground. The grass border was cemented with nature stones and the hole filled in with many wooden pellets. In the meantime Conny Abendroth, Cornelia Henrich-Keim, Gudrun Klopp and Sonja Sonntag did necessary gardening, cut the bushes and cleaned the flower beds.
Your firsthand feelings:	After 8 hours we were all satisfied with our work. It was an exhausting day, but also nice and a well spent time. We are looking forward for our next social day in 2011.

ECI volunteer activism in China

Making gift packages at Beit Issie Shapiro in Israel

Cleaning beaches in Israel

Refurbishing a garden in Germany

Renovating in Israel

Walking dogs from a shelter in Israel

Renovating national parks in the Netherlands

Harvesting fruit for the needy in Israel (Leket Israel)

Sport's day in Spivak Centre for the Disabled, Israel

****

The Green Camera Contest

ECI is constantly innovating and creating new ways to enhance the environmental consciousness of employees and their contribution to our efforts to make the world a greener place, both at work and outside work. As part of these ongoing activities, **ECI** held for the first time in 2011 a highly successful Green Camera Contest.

The contest encouraged employees to submit their own original photographs representing environmental stewardship, the beauty of nature or green activities at work or at home during July and August 2011. 138 photos in total were submitted. The winners were selected by a panel of **ECI** managers who nominated 20 photos to a short list. **ECI** employees from around the world were invited to vote for the winning photos from this shortlist, and over 500 employees submitted votes. The three winning photos from Israel, Philippines and China are shown on the following pages.

The winning photos were turned into posters and now hang in **ECI** offices around the world as a constant reminder of the value of our planet. Prizes were awarded to the winning three **ECI** talented photographers.

The competition was a fun way to heighten green awareness of **ECI** employees and through their participation, generate new ways of looking at environmental issues. They say that a picture is worth a thousand words: the **ECI** photo competition was equivalent to **138,000 words** about the environment! Employees have contributed to their appreciation for environmental stewardship during the course of their work and in their home life.

A Winning Photo from China

My Green Life in Hangzhou
By
Tony Xu (China)

Tony said:

"Bicycle is a green, healthy and convenient choice for me. In Hangzhou, the government purchased a mass of bicycles and offer free use for residents in order to improve the condition of traffic and reduce the usage of cars. You can borrow near the home and return at your destination. It is very convenient, saves money and good for health for everyone. That is my reason for choosing this picture.
"

A Winning Photo from Israel

The ECI Biking Team in Georgia
by
Amit Singer (Israel)

Amit said:

"This picture was taken during our "green" sporting activity, an ECI team bike ride, which doesn't cause any form of pollution. The team also gets involved in a lot of volunteering activity, including making donations to hospitals, supporting underprivileged children and more. The photo itself represents the spirit of the group – riding in an atmosphere of calmness and blending with the green of nature."

A Winning Photo from the Philippines

Harvesting the power of nature
by
Glenn Leis (ECI Philippines)

Glenn said:

"I was amazed when I saw those windmills up-close and personal and wonder how the force of nature, which is the wind, drives those giants to produce electricity without any bi-products/pollutants. I've been to some power plants during my college day field trips and I have compared it to those diesel-fed engines that are very dependent in oil in which we do not have here (yet) in our country. The power of nature is everywhere, we just need to harvest it in a way we do not destroy it in the end because it's FREE...."

Daddy Travels the World

Shirley Segev is a Human Resources Manager at ECI, Israel, with a very special hobby. Shirley has written and published a children's book called "Daddy Travels the World." The book, targeted at young children, has become very popular in Israel.

One of the very special employee volunteering programs at **ECI** Israel is the weekly reading session. 31 children from the fourth grade at the local Kommemiyut School visit **ECI** offices each week and are paired with **ECI** volunteers who spend an hour reading, talking and sharing their insights with the children.

At the end of the school year, **ECI** made a gift to each of the children of Shirley Segev's "Daddy Travels the World" book and each **ECI** volunteer wrote a personal dedication to the school pupil she or he had spent time with during the year.

Yitzhak Marcus, the School Principal, said: "We have benefited from the opportunity for children to read the printed word in this digital world where reading books is becoming a rare thing. We have benefited from the fact that our pupils are supported by an adult role model right through the school year. We have benefited that our pupils have learn to enrich their vocabulary through exposure to an advanced level of our Hebrew language. This is a fine project which benefits all those who participate. Pupils who had never wanted to read a book are suddenly coming to the school library and borrowing books to take home. One third of the school's children participated in this project and has become its greatest advocates. This is quite a revolution for children in a school in an area which suffers from great economic difficulty. This project is a wonderful thing and I hope it continues."

Our Ethical Backbone and the Way We Do Business

ECI ranks at the highest level for Corporate Responsibility in Israel

ECI demonstrates its commitment to Corporate Social and Environmental Responsibility by participating in the annual Maala Ranking in Israel. The 2010 ranking included 75 companies, 173,000 employees, and $ 85 billion representing 58% of the business product in Israel. **ECI** has participated in this ranking since 2004. Maala is a not-for-profit organization promoting Corporate Social Responsibility in Israel, producing an annual ranking based on self-declared performance of companies against a detailed questionnaire in five areas: ethics, responsible workplace, community investment, governance and environmental protection. **ECI** has maintained its position for the past three years as a top ranking company. There are three ranking positions: Platinum, Gold and Silver. In 2010, **ECI** again received a Platinum ranking.

Year	Ethics	Workplace	Community	Environment	Overall Rank
2010	10	8	5	10	**PLATINUM**
2009	10	8	5	10	**PLATINUM**
2008	9	8	5	10	**PLATINUM**
2007	6	7	3	8	**SILVER**

N.B. Scores are out of a possible 10 in each category. Community scoring is heavily weighted to cash donations. ECI prefers to maintain community involvement through partnerships and employee volunteering and therefore cannot score more highly in this category.

ECI supports the Maala organization through the payment of annual membership fees.
For further details, please visit the Maala website: www.maala.org.il

Our Approach to Ethics

ECI is firmly committed to upholding human rights in all aspects of its business. **ECI** believes in the value of all individuals and respect for all basic human rights contained in the Universal Declaration of Human Rights. **ECI** conducts business all over the globe in a manner which is consistent with the Company's values, which include respect and integrity at all times and in all situations. This approach is also firmly rooted in our recently revised Corporate Code of Ethics.

ECI expressly forbids corruption in all its forms, including extortion and bribery, and makes this clear to all employees through the Code of Ethics and related training.

ECI's Code of Ethics is available in seven languages for easy accessibility and comprehension of all employees: German, Chinese, Russian, French, Spanish, English, and Hebrew. It is available to all employees on the corporate internal website, and on **ECI's** external website in English for all stakeholders.

ECI revised its Corporate Code of Ethics during a comprehensive process involving Board Members and Senior Executives during 2008. The revised Corporate Code of Ethics was approved by the ECI Board in September 2009. It includes guidance on commitment to the community, human rights, working environment, safety and protecting the environment, as well as anti-corruption and all other relevant issues relating to ethical conduct.

There are several options freely available for employees to advise the Company's officers on any matter relating to breaches of the Corporate Code of Ethics. **ECI** makes every effort to investigate all issues reported, including those reported anonymously.

Embedding Ethics

The key to an effective ethical culture is a comprehensive process of assimilation, so that every employee, at every level and in every location, can identify with the Code, understand

the behavior it prescribes and relate the code to his or her specific job and the potential areas in which ethical issues may arise.

In 2009, **ECI** prepared a web-based learning module, which takes around 30 minutes to complete. The innovative, user-friendly web-based module explains each of the ethical behavior guidelines and offers ethical dilemmas which were developed by **ECI** teams throughout the world to assist employees in relating ethical issues to their own roles and responsibilities. Since the module was introduced, over 95 % of **ECI** employees around the world have completed the training. In addition, posters highlighting the ethics program were placed in all communal areas in all offices.

All new hires to **ECI** are trained in the Code of Ethics during their induction and must complete the web-based learning module within one month of joining the Company. They also receive a New Employee Guide which includes a section on Company Values and The Code of Ethics.

An Ethics Council was established in 2010 to oversee the Company's ethical performance, communications and training, and deal with ethical issues as they arise.

View **ECI's** Code of Ethics: **www.ecitele.com/AboutECI/values/Code%20of%20Ethics.pdf**

Human Resources Ethics

In addition to the corporate Code of Ethics, due to the unique role the Human Resources function carries in both supporting an ethical culture and in demonstrating personal example, **ECI's** Human Resources function adopted a function-specific Code of Ethics in 2008, and trained all **ECI** Human Resources Managers and personnel around the globe in its content. Human Resources Ethics is part of HR personnel induction training at **ECI.**

To see the full version of this Code, see ECI's 2010 COP:
http://www.ecitele.com/abouteci/AboutECIDocs/ECIs%20Corporate%20Values.pdf

Ensuring Ethics and Human Rights in ECI's Supply Chain & Procurement Group

ECI has increased its efforts in 2010 to ensure the Company is not complicit in Human Rights abuses in its supply chain. **ECI** maintains a complex network of supply sources ranging from outsourcing of manufacturing operations, purchasing of components and finished goods, capital expenditure and a wide range of support services, from close to 700 suppliers (of which 65% are based in Israel). Each year, **ECI** spends around $400 million on the purchase of these goods and services. Over 65% is related to the purchasing of outsourced manufacturing or other third-party goods and services which complement **ECI's** offering.

Outsourced manufacturing is purchased from five key suppliers based in Israel, USA, China and the Philippines. Flextronics is **ECI's** largest and longest standing supplier, having supported our business for several years. Flextronics is a leading Electronics Manufacturing Services (EMS) provider, with headquarters in Singapore and manufacturing operations globally, including a major plant close to **ECI's** headquarters in Israel. Flextronics maintains a strong position on Corporate Responsibility. As part of Flextronics' services provided to **ECI**, the Company manages a Vendor Rating System which assesses suppliers for quality, service and environmental practices. You can find more details about Flextronics on the company's website: http://www.flextronics.com.

ECI's outsourcing supplier approval process includes, in additional to standard commercial procedures, physical audits at the supplier premises, which consider both technical capabilities and also decent facilities and working conditions.

Supplier Social Accountability Declaration
In 2010, a Supplier Social Accountability Declaration was developed as a basis for engaging strategic suppliers in social accountability issues in line with the provisions of the Social Accountability Standard SA8000. This covers labor conventions related to prohibition of child labor, and forced labor, ensuring non-discrimination and positive workplace practices. The request to confirm adherence to these provisions has been sent to several strategic suppliers. In 2011/2012, this will be advanced to cover more suppliers. To date, all supplier responses have been positive and in conformance within **ECI's** Social Accountability Declaration guidelines.

ECI's Procurement Group has started implementing a process for conducting a Quarterly Business Review for ECI's key suppliers. All aspects of the Supplier's services are discussed, and we plan to discuss, where relevant, aspects related to human rights and working conditions. In addition, **ECI's** Procurement Group plays a role in the early definition of purchasing requirements with R&D teams. We have initiated a process for the purpose of raising social and environmental issues as a factor in the consideration of new suppliers.

Information Security

Information security is both a necessary good practice of companies to safeguard against business risks and a key element in maintaining an ethical business culture based on integrity and privacy of information. **ECI** maintains a strict Information Security Management System (ISMS) to protect **ECI** clients, employees and all business partners. This is supported by a formal IT Security policy, employee training and an intensive stream of information security reminders, including newsletters and posters which are displayed prominently for all employees to see. In recent years, ECI has invested close to $2 million in upgrading its IT security infrastructure. **ECI** is certified to the Information Security Standard ISO 27001.
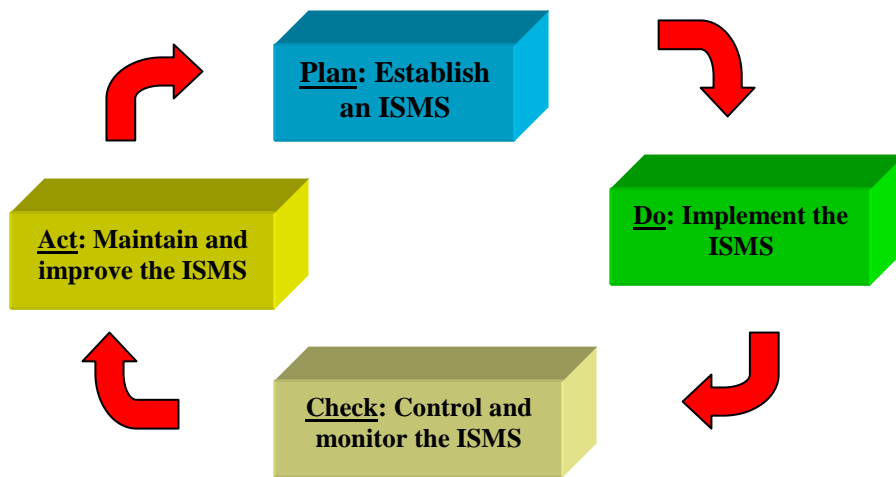
ECI's Information Security Management System in accordance with ISO 27001 standard

ECI Telecom – Commitments

| 2009/2010 Commitments	2009/2010 Performance	2011/2012 Commitments
Improve employee awareness of CSR programs: Employee training on the subject of the Global Compact principles and discussion on ways of improving Company activities in support of these principles.	All employees were informed of ECI's Global Compact report and discussions were held. CSR Month and Green Photo competition engaged employees in CSR. CSR news regularly posted in ECI Intranet Portal.	• Deliver an annual CSR newsletter to employees. • Run CSR roundtables in different departments – at least four per year.
Improve CSR Standards	Comply with social accountability requirements.	Achieve SA8000 certification.
Green platform for new technologies: Greater focus on the development of green technologies and leveraging of environmental benefits in communications with clients.	• New technologies advanced; for example, vectoring systems. • Greater emphasis on green benefits in communications with clients.	New green marketing platform for **ECI** products.
Overall environmental impact improvement: Achieve percentage improvement in E-TASC scores	Improvement achieved.	Maintain 96% score. Seek areas for possible additional improvement. Improve environmental impacts – see Environment section.
Continue to improve internal service: Ongoing attention to employee feedback and implementation of ideas.	New On-Boarding Program and cross-cultural training have been successful in responding to employee needs.	Service survey in 2011/2012 and new action plan.
Safety: Zero accidents		Improve road safety and reduce accidents by at least 10%
Develop diversity-oriented recruitment procedures: New recruitment procedures to ensure the attraction of a diverse range of potential employees, and their successful induction into the business.	In development.	New recruitment procedures to ensure the attraction of a diverse range of potential employees, and their successful induction into the business.
Community investment: Continuation and development of community activities including an increase in the number of company volunteers.	CSR month was successful. Overall employee volunteering has increased.	Continuation and development of community activities including an increase in the number of company volunteers – especially in global operations.

Advisor Statement

This Communication on Progress has been prepared with the support of an external specialist in Corporate Responsibility practices who verifies that all content is a true and accurate representation of **ECI's** adherence to UNGC principles.

Elaine Cohen, CEO of Beyond Business Ltd
www.b-yond.biz/en | October 2011

Contact Details
ECI Telecom Ltd
30 Hasivim Street
Petach Tikva 49917
Israel
 www.ecitele.com
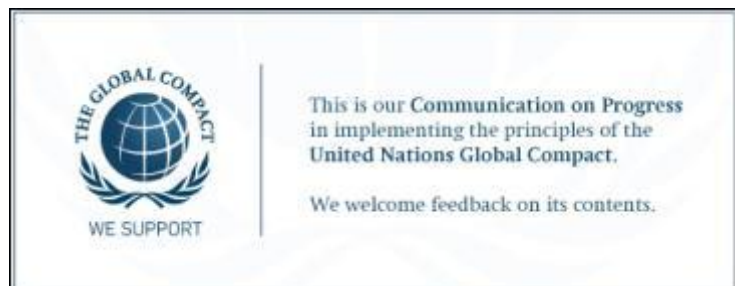
Contact Person
Eynat Rotfeld
Corporate Social Responsibility Manager
Telephone: + 972-3-9266507
Email: eynat.rotfeld@ecitele.com

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact.**

We welcome feedback on its contents.

ECI Telecom Ltd
Your *Responsible* Partner for Growth

On a Green Wavelength

www.ecitele.com

November 2011

This document has not been printed and is intended for web viewing only.