



## **Smarter Networks, Smarter Business**

**Comverse Inc.**



**UNITED NATIONS GLOBAL COMPACT  
COMMUNICATION ON PROGRESS**

**November 2013**

**[www.comverse.com](http://www.comverse.com)**

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## Quick Facts about Comverse

- Comverse's Billing and Active Customer Management solutions serve 750 million subscribers worldwide, and support 18 of the world's 25 largest telecom providers.
- Comverse's Mobile Internet solutions have been deployed by more than 60 operators worldwide. In the U. S., for example, Comverse handles more than a third of mobile Internet traffic.
- Comverse's Voice Platform has been chosen by some 140 operators worldwide to deliver advanced services.
- Comverse's MMS solution has been deployed by more than 70 operators worldwide, including numerous tier-1 carriers.
- Comverse's SMS systems support more than a trillion messages yearly for more than 250 operators and half-a-billion end users.



## About this Communication

This Communication on Progress (COP) to the United Nations Global Compact report covers all of Comverse, Inc.'s global business operations for calendar year 2012 unless otherwise stated. This, our second annual COP report, replaces the previous report submitted in November 2012.

The United Nations Global Compact is the largest voluntary initiative in the world which unites corporations and other organizations in support of a set of principles which underpin the responsibility of companies to behave in a way which protects people, society and communities and the environment, and their accountability to all. In supporting these principles, we commit to ensuring our business activities are conducted in accordance with these principles and in a way which advances awareness and adherence around the world.

The Ten Principles of the Global Compact are:

<b>Principle 1:</b>	Businesses should support and respect the protection of internationally proclaimed human rights.
<b>Principle 2:</b>	Businesses should make sure they are not complicit in human rights abuses.
<b>Principle 3:</b>	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
<b>Principle 4:</b>	Businesses should uphold the elimination of all forms of forced and compulsory labor.
<b>Principle 5:</b>	Businesses should uphold the effective abolition of child labor.
<b>Principle 6:</b>	Businesses should uphold the elimination of discrimination in respect of employment and occupation.
<b>Principle 7:</b>	Businesses should support a precautionary approach to environmental challenges.
<b>Principle 8:</b>	Businesses should undertake initiatives to promote greater environmental responsibility.
<b>Principle 9:</b>	Businesses should encourage the development and diffusion of environmentally friendly technologies.
<b>Principle 10:</b>	Businesses should work against corruption in all its forms, including extortion and bribery.

For more about the UN Global Compact, see: [www.unglobalcompact.org](http://www.unglobalcompact.org)

### Availability of this Communication on Progress

This Communication on Progress is hosted on the UNGC website and on the Comverse corporate 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.

### Global Reporting Initiative Guidelines version 4 (GRI G4)

Furthermore, this report is presented in accordance with the core principles of the GRI G4 Sustainability Reporting Guidelines. This is our first report prepared using the G4 Guidelines. Please see the GRI Index on page 2 of this report.

As this is our first reporting initiative in accordance with the G4 GRI Core Guidelines, we have elected not to seek external assurance at this time. We believe an external assessment and subsequent assurance will be most meaningful after baseline criteria have been established and year-over-year improvements (or degradations) can be measured and reported.

**Engaging Stakeholders**

The telecommunications industry has been a champion of sustainability initiatives for many years, including the Electronics Industry Citizenship Coalition (EICC) and the Global e-Sustainability Initiative (GeSI). As a key supplier to this industry, we are a recipient of numerous external stakeholder requests for information via our customers' supply chain expectations and reporting initiatives. Our customers and their stakeholders have communicated various expectations in the areas of environmental responsibility, human rights advocacy, labor law compliance, and prevention of corruption. We have incorporated those expectations in preparing this report.

**Boundaries and Scope Limitations**

This report covers Comverse, Inc., including all its wholly-owned subsidiaries worldwide. There are no limitations as to scope or functions or operations included in the assessment.



## Our Commitment

H.E. Ban Ki-Moon  
Secretary-General  
United Nations  
New York, NY 10017  
USA

Dear Mr. Secretary-General,

### Comverse Confirms Support for the UN Global Compact

I am pleased to re-affirm Comverse, Inc.'s support for the *Ten Principles of the United Nations Global Compact* relating to human rights, labor rights, the environment and anti-corruption.

We recognize and accept our responsibilities to conduct ourselves with a high degree of ethical integrity and add positive value for our employees, shareholders, customers and communities where we operate around the world.

We believe our core business offering – provider of telecom business solutions that enable communication service provider success in the hyper-connected world – is a major contributor to helping our customers deliver solutions that increase connectivity between people, enable more energy-efficient communications, and provide innovative options which increase the quality of life and progress in many different ways.

We recognize that we hold a responsibility to conduct our business in a way that is respectful and responsible towards people, communities and the environment. We therefore embrace the *UN Global Compact* framework and believe our operations are in alignment with both the letter and the spirit of the *Ten Principles*. This year, we further formalized our commitment to a workplace free from harassment and discrimination by endorsing the *Women's Empowerment Principles*, including equal pay for equal work.

With this *Communication on Progress*, we articulate our support for the *Global Compact* principles and the broader context of the Millennium Development Goals. We undertake to make an annual statement to all internal and external stakeholders of this commitment.

Sincerely yours,

A handwritten signature in black ink, appearing to read "P. Tartavull".

Philippe Tartavull  
President and Chief Executive Officer  
Comverse, Inc.  
November 18, 2013



## About Comverse

Founded in 1984, Comverse Inc. is a provider of software and systems enabling converged billing and active customer management, mobile Internet, and value-added services.

Comverse is publicly traded on the NASDAQ stock exchange under the ticker symbol CNSI. Comverse reports an annual turnover of over \$677 million and is headquartered in Wakefield, MA, U.S.A. and employs approximately 2,500 people in 90 offices worldwide, including significant operations in the U.S., Israel, U.K. and France. We serve over 450 customers in more than 125 countries. For further information, please see our latest Form 10-K annual report at [www.comverse-investors.com](http://www.comverse-investors.com).

During 2013, the Company established a new technical competency center in Bulgaria. Currently, there are over 110 employees at this new site.

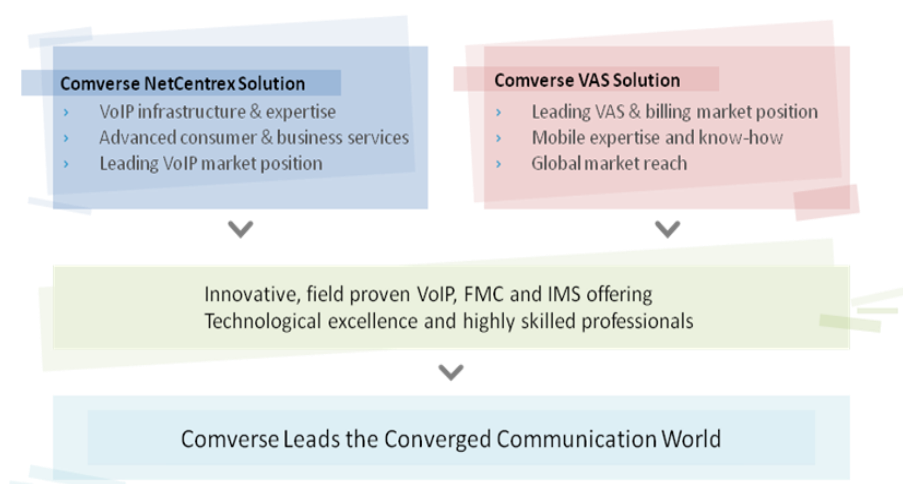
### Comverse Core Business Units

<b>BSS</b>	<b>Digital and VAS</b>
<i><b>Business Support Systems</b></i> —includes converged, prepaid and post-paid billing and active customer management systems and groups engaged in product management, professional services, research and development and product sales support.	<i><b>Digital and Value-Added Services Business</b></i> —includes groups engaged in VAS delivery, voice product research and development, messaging product research and development and product sales support.
<b>Policy</b>	<b>Managed Services</b>
<i><b>Policy Products</b></i> —includes groups engaged in product management, solution engineering, delivery, research and development and product sales support.	<i><b>Managed Services</b></i> —includes groups engaged in support services for BSS, Digital & VAS and Policy products, services sales and product management.

These business units are supported by global corporate functions which include:

- Customer Facing Group, providing overall customer account management and sales.
- Operations Group, which provides centralized information technology, procurement, and supply chain management to all business units.
- Strategy and Innovation, Finance, Legal and Human Resources Groups.

## Converged Communication World



## Governance at Comverse

*Ensuring we are Ethical, Compliant and Focused on Creating Value for Stakeholders*

### Board of Directors

Comverse, Inc.'s Board of Directors is comprised of six independent Directors, led by the Chairman of the Board, Mr. Henry "Hank" Nothhaft. The other independent directors are Ms. Susan Bowick, Mr. James Budge, Mr. Doron Inbar, Mr. Neil Montefiore and Mr. Mark Terrell. Mr. Philippe Tartavull, Comverse, Inc. President and CEO is the only non-independent member of the Board. Directors are selected according to their skills, experience and ethical conduct, to serve shareholders and oversee the management of the company's business, through establishing high standards for all employees.

Through its Governance & Nominating Committee, an annual assessment of the skills and characteristics required of directors is conducted, and includes issues of judgment, diversity, age, and skills. Director candidates must exhibit high personal and professional ethics, integrity and values, and experience relevant to the Board's oversight of the business as well as commitment to the long-term interests of shareholders. The Board as a whole seeks to reflect diverse experience and directors are selected with this balance in mind.

The Board and its committees conduct annual self-evaluations of their performance and periodic evaluations of individual director performance. Total compensation for members of the board reflects effort and time invested, and may vary between members according to their responsibilities and duties. To help align directors' interest with those of the company's shareholders, all directors own stocks in the company, and are expected to increase their holdings over time.

### Board Committees

## Comverse Board Committees

### Audit Committee

- Oversees financial reporting process, compliance and Code of Business Conduct.
- Reviews independent auditors' qualifications and the performance of the internal audit function.
- Reviews and authorizes related-party transactions.

### Corporate Governance and Nominating Committee

- Identifies individuals qualified to serve as directors.
- Develops and recommends corporate governance guidelines and principles.
- Reviews practices and recommends improvements.

### Compensation and Leadership Committee

- Reviews, determines and recommends for Board approval the compensation and incentives programs for the company's executive officers, and equity compensation programs for employees.
- Reviews compensation policies and practices from a risk management perspective.



## Our Vision, Mission and Values

**Vision:** *Comverse envisions a more expressive world in which personalized communications enrich the quality of life.*

**Mission:** *Comverse is the world's leading provider of software and systems for business enablement through converged billing and active customer management, mobile Internet, value-added and managed services.*

**Goals:** *Comverse is committed to be the global partner-of-choice in providing productized solutions and services that make communication service provider networks smarter to unleash the value of the network for their customers.*

**Core Values:** *Comverse is committed to the following core values:*

**Integrity**

**Accountability**

**Change**

**Teamwork**

which, taken together as an acronym, form our corporate mantra:

***I ACT @ Comverse*** for the good of our customers, employees and shareholders

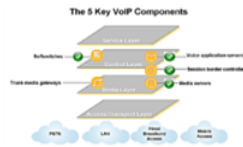
## Comverse's Products and Services

### Communicating - Connecting – Converging for Smarter Business and Smarter Impacts

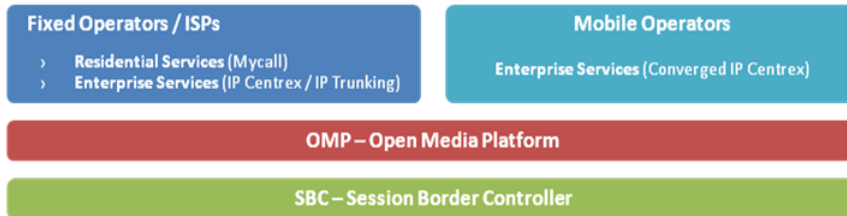
Our services enable our customers to provide end-users with a range of communications and content options and experience first-hand the global village and all it has to offer. From voice mailing, through text and photo messaging services, Comverse is responsible for bringing communications to millions of people worldwide, and in some communities, the ability to connect with the outside world.

Comverse's products and services are used by more than 450 wireless, wireline and cable network Communications Service Provider customers in more than 125 countries, including the majority of the world's 100 largest wireless network operators. Comverse's products and services are designed to generate voice and data network traffic, increase revenue and customer loyalty, monetize services and improve operational efficiency.

### Comverse IP Digital & Value Added Services Offering



#### IP D&VAS Offering



- **Prepaid billing:** A subscriber purchases credit in advance of service use.
- **Postpaid billing:** A subscriber enters into a long-term billing arrangement with a Communications Service Provider and is billed after the fact according to use at the end of each period.
- **Converged billing:** Operators manage multiple services, including payment for prepaid and postpaid subscribers, across fixed and mobile communication, broadband, TV and other emerging services.

### Smarter Networks, Smarter Business: Delivering Value

From services that help end-users manage their communications accounts better, and applications that improve communication between people, to applications that save lives, Comverse's products and services contribute to the advancement of the communications field, the energy-efficiency of our communications networks and the improvement of people's lives through innovative communications technologies. The result is more people, in more places connecting with each other, for more reasons, as never before, in a sustainable manner.

We are proud to be considered an innovator in our field and a leader in our market with over 450 customers worldwide. Through our customers, Comverse's technology reaches over 750 million people in developed and emerging markets, enabling each of them the opportunity to participate in the telecommunications revolution, and transform the way they connect and communicate. We lead the market in voicemail, SMS and MMS technologies, the most commonly used low-cost methods of real-time communication that allow people to connect and share experiences.

Our customers are the leading Communications Service Providers in the world. By utilizing a range of advanced communications technology options, Comverse's products allow our customers to offer products and services tailored to the needs and financial capabilities of their end-users, and to provide both cost and energy-efficient services.

### **Making Communications Technology Affordable and Accessible**

Everyone wants to connect! Everyone wants to be part of our new fast and interactive community around the world. Both in developed countries, where communications infrastructures are highly developed, and in emerging markets, where urbanization and the growth of a new middle class have heightened the need for rapid infrastructure development, the tipping point of communications technologies has been reached. Our customers, major Communications Service Providers, are facing vast growth opportunities which we can help them realize. However, in a recessionary Western world and bottom-of-the-pyramid emerging economies, where disposable income is inadequate or unstable, new creative solutions must be found to make communications technology available at an affordable price and in consumer-friendly packages. This is the competitive edge that communications providers seek.

Comverse's Prepaid Billing provides a solution. Prepaid Billing enables providers to offer communications services paid for in advance to consumers that require no financial collateral, as well as offering Western consumers an opportunity to limit usage of communications services to a pre-defined level, prevent "surprise" charges and allow them control over what they, their families, or employees spend. Prepaid Billing removes financial risks for the service provider and for the consumer, while expanding availability at an affordable price to millions of consumers.

### **The Convergence Revolution – the Ultimate Smart Solution**

A key contribution of Comverse to the communications and connectivity landscape is our expertise in the development of convergence solutions which enable Communications Service Providers to migrate multiple communications services into a single network and offer end-users a more efficient, integrated, compatible and lower-cost service, with many different benefits. Specifically this involves convergence of previously distinct services such as prepaid and postpaid voice, messaging and mobile Internet in tailored bundles with converged billing.

Our technology enables Communications Service Providers to take their platforms forward by gradually moving from old technologies (telephony) to new ones (IP), while enabling smooth communications between the old and the new. Comverse installs new products on top of old ones, without replacing the whole system, but providing incremental improvements, saving customers significant investment in large scale preparation and enabling more rapid market presences and expansion.

Convergence enables Communications Service Providers to integrate technologies in order to optimize loading on broadband networks for best energy-efficiency. At the same time, convergence enables end-users to utilize broadband-based technologies in a more efficient manner, with choices that best fit their needs and result in less waste and burden on broadband infrastructures. This means that, overall, not only do converged solutions provide greater choice, lower cost and more extensive connectivity options for end-users, they also decrease the environmental impact of communications services, making convergence the ultimate in smarter business delivering smarter impacts.

In June 2012, the prominent telecommunications market research firm Infonetics Research named Comverse as the global leader in the convergent charging segment. This #1 ranking reflects the migration of existing customers to convergence, as well as new projects in several regions. The Comverse ONE convergence solution is being leveraged around the world to meet the diverse needs of a broad range of Communications Service Providers, from supporting full business transformation to entry into new businesses, such as MVNO/MVNE, M2M, cloud-based services and beyond. For more information, see [www.infonetics.com](http://www.infonetics.com)

**MVNO:** Mobile Virtual Network Operator (MVNO) is a mobile operator that does not own its own wireless network infrastructure. Instead, MVNO's have business arrangements with traditional mobile operators to buy minutes of use (MOU) for sale to their own customers.

**MVNE:** Mobile Virtual Network Enabler (MVNE) is a company that provides services to Mobile Virtual Network Operators to enable provision of mobile network services.

**M2M:** Machine-to-machine (M2M) refers to technologies that enable automated wired or wireless communication between mechanical or electronic devices. M2M allows networked machines to exchange information and perform actions without the manual assistance of humans.

**Cloud-based services:** The use of computing resources (hardware and software) that are delivered as a service over a network (typically the Internet), eliminating the need to own local

## A Top Priority – Customer Satisfaction

Comverse strives to provide flawless customer service and ensure that customer needs are met in a way which enables them to compete effectively in dynamic and rapidly changing market conditions. Comverse believes that the cornerstone of customer satisfaction and the key to its commitment to deliver added value to customers is uninterrupted service availability. Thus, Comverse is committed 24 hours a day, 365 days a year, to helping its customers meet the challenge of total availability through its Global Services BU.

In order to understand and ensure customer satisfaction, we perform two kinds of Customer Feedback Surveys:

- **Ongoing Survey:** post-service surveys conducted online or by phone, to gain real-time insight from customers.
- **Annual Survey:** includes all active customers and all areas of service, conducted online and in some cases, in meetings.

Results from these surveys help managers define opportunities to improve our service.

## **A Smarter Way of Life – our Approach to Quality**

Comverse is focused on total quality performance as a core activity for successful long-term customer relationships. We develop and maintain organizational focus on quality, performance excellence, and customer satisfaction.

Guided by a globally accountable Quality Department, Quality Managers at Comverse are embedded within each business unit and support all the quality aspects of products and services from development stage to implementation. The Quality Department is also responsible for educating all employees about the importance of quality in all processes.

**Quality Management System:** Comverse operates in accordance with a defined Quality Management System (QMS) which encompasses: “Marketing, design, development, production, delivery, installation, and service of solutions for telecommunications providers, including hardware and software developed by our product divisions.” The purpose of the QMS is to ensure that we consistently provide products that meet our customers' needs as well as applicable regulatory requirements. Our aim is to enhance customer satisfaction through the effective application of the system, including processes for continuous improvement.

The QMS includes several components:

- **Quality Management System (QMS)**, which is compliant with **ISO 9001:2008**, ensures that customer expectations and commitments about products and services are consistently met and exceeded, and company goals are achieved.
- **Information Security Management System (InfoSec MS)**, which is compliant with **ISO 27001:2005**, protects information from a wide range of threats to ensure business continuity, minimize business damage, and maximize return on investment.
- **Environmental Management System (EMS)**, which is compliant with **ISO 14001:2004**, ensures that the company continually minimizes its effect on the environment and that environmental goals are achieved.
- **Occupational Health and Safety Management System (OHSMS)**, which is compliant with **OHSAS 18001:2007**, ensures safeguarding of health and safety of employees, customers, and the public.

A comprehensive Quality Manual describes these quality subsystems and their compliance with the relevant international standard requirements.

**Cost of Quality Program:** As part of an initiative to reduce operational costs and improve quality, we initiated our Cost of Quality Program in 2011. The program was led by the Global Quality Team, using the VAS Division as a first area of focus, mapping all quality aspects of the entire VAS global operations in order to identify opportunities to improve quality.

Following the initial study, results and conclusions relating to the cost of quality were identified, and several changes were implemented as a result, including:

- Improved decision-gateway mechanism, including higher management approval requirements.
- Enhanced handover between R&D and Delivery, to improve quality, time, and cost.
- Improved team communication, with several units reporting directly to the Product Manager.

## Industry Recognition for Service Excellence

**Gartner**

[www.gartner.com](http://www.gartner.com)

- **Comverse was recognized as a Top Tier BSS vendor and seen as Visionary, for both offering and roadmap in Gartner's IRCM Magic Quadrant.** Gartner is a leading information technology research and advisory company. Comverse was positioned in the Leaders Quadrant in both 2012 and 2013 for Completeness of Vision and Ability to Execute.

**Stratecast**

FROST & SULLIVAN

[www.frost.com](http://www.frost.com)



[www.itmag.com](http://www.itmag.com)

- **In 2011, Comverse was the recipient of Product Line Strategy Award based on Comverse's successful product line strategy in the global CSP billing market.** Frost & Sullivan is a global growth consulting company.

- **BSS/OSS Comverse Wins INTERNET TELEPHONY Excellence Award for the third consecutive year.** Internet Telephony Magazine provides unbiased views of the complicated converged communications space.



[www.cmai.asia](http://www.cmai.asia)

- **Comverse Wins Top Honors as Largest BSS Vendor in India at National Telecom Awards 2012.** The Association of India Communication Multimedia and Infrastructure (CMAI) is the premier organization promoting the Indian IT and telecom sector. The CMAI National Telecom Awards honor outstanding contributions in the fields of communication, ICT, multimedia, and infrastructure.



**THE INTERNATIONAL  
BUSINESS AWARDS**

- **International Business Awards 2012 and 2013 in the Best New Product or Service of the Year Category for Comverse Data Management and Monetization Policy Studio and Analytics.**

## Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights.

## Principle 2

Businesses should make sure they are not complicit in human rights abuses.

*Comverse commits to conducting its business in a way that is respectful of human rights. We are guided by the United Nations Universal Declaration of Human Rights, whose principles are embedded in our global Code of Conduct and include guidance with regard to labor relations, employment practices, relationships with suppliers, and business conduct. We aim to engage with the communities in the areas in which we operate, targeting to support them in advancing their quality of life and ensuring respect for their rights.*

### Human Rights and Labor Policy

Our Human Rights and Labor Policy refers to our conduct within our operations and to our responsibility for protecting human rights throughout our supply chain. The policy covers four main areas:

**Our People:** Our first priority is the health and safety of our people no matter where in the world they work. We apply employee health, safety, and emergency preparedness standards that meet or exceed regulatory requirements.

**Our Customers:** Comverse is mindful of doing business with customers who are also respectful of human rights. We have high standards for how we conduct our business to ensure interactions with all customers are based on ethics and integrity.

**Our Supply Chain and Distribution Channels:** The productivity of our business model is increasingly dependent on working with external partners and suppliers. As globalization increases, our ability to compete more effectively in the marketplace adds a heightened responsibility to ensure that third parties act on behalf of Comverse in a manner consistent with our human rights ideals, respect for the environment and ethical business practices.

**Our Communities:** Corporate citizenship and human rights extend into the communities where Comverse people work and live and where our brand is represented. We respect laws, labor practices, and customers in the countries in which we operate and ensure alignment with our high standards, policies and Code of Conduct. We strive to be a positive influence in communities, demonstrating that respect for human rights fosters successful businesses and successful people.

We ensure our compliance with this policy through periodic operation-wide risk management reviews, internal audits and supplier assessments.

For our full Human Rights and Labor policy, see: [www.comverse.com/corporate\\_responsibility](http://www.comverse.com/corporate_responsibility)

## Code of Business Conduct Expectations for Suppliers and Other Third Party Business Partners

In order to help ensure that we are not complicit in human rights abuses throughout our supply chain, we have deployed a "Code of Business Conduct - Expectations for Suppliers and Other Third Party Business Partners" in which we outline our expectations for ethical behavior and legal compliance of all those with whom we do business. The Expectations specifically refer to legal compliance and decency standards with regard to working conditions, working environment and workplace conduct.

The Code references Comverse's general *I ACT @ Comverse* and other leading standards as follows:

- *I ACT @ Comverse* ([www.comverse.com/corporate\\_responsibility](http://www.comverse.com/corporate_responsibility))
- Global e-Sustainability Initiative ([www.gesi.org](http://www.gesi.org))
- International Labor Standards ([www.ilo.org](http://www.ilo.org))
- United Nations Global Compact Principles ([www.unglobalcompact.org](http://www.unglobalcompact.org))

For our full Code of Business Conduct Expectations for Suppliers and Other Third Party Business Partners, see: [www.comverse.com/supply\\_chain\\_responsibility](http://www.comverse.com/supply_chain_responsibility)

**Safety Standards at Suppliers:** We also demand that our suppliers demonstrate compliance with safety standards and include a contract provision requiring suppliers to maintain an EH&S management system. We conduct periodic audits at selected suppliers to ensure implementation of EH&S standards.

**Responsible Sourcing:** In 2013, we adopted a comprehensive policy to build upon the existing practices we had relative to various environmental and human rights initiatives that affect our role in the information technology supply chain. Our policy addresses proper disposition of electronic waste, restricting the use of hazardous substances, and ensuring that materials are not obtained in a way that violates human rights. We are committed to source conflict-free minerals and require our suppliers to present documentation certifying that minerals are from a conflict-free source. Comverse does not engage with suppliers who cannot provide such certification.

### Supply Chain Data Transparency

In 2013, Comverse transitioned to EcoVadis– a web-based electronic tracking system for environment, labor, health, safety and ethics-related practices – in response to customer requirements. The system requires ongoing input of all relevant data, and it collates scores to form a scorecard which identifies high to low risk issues. Our scores for 2013 are as follows:

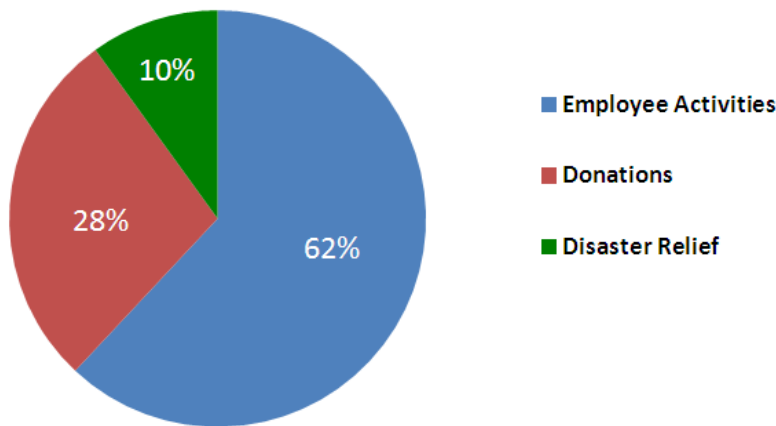
CSR Category	2013 Rating (out of 100)	Primary Opportunities for Improvement
Environment	60	<ul style="list-style-type: none"> <li>• No endorsement of GRI Principles</li> <li>• EHS certification, actions and metrics are not global</li> </ul>
Labor Practices	60	<ul style="list-style-type: none"> <li>• No endorsement of GRI Principles</li> <li>• OHSAS certification, actions and metrics are not global</li> </ul>
Fair Business Practices	60	<ul style="list-style-type: none"> <li>• No endorsement of GRI Principles</li> <li>• Lack of supporting documentation for business ethics metrics</li> </ul>
Suppliers	50	<ul style="list-style-type: none"> <li>• No monitoring on % of suppliers covered by sustainable procurement measures (e.g. assessments, audits)</li> </ul>
<b>Overall</b>	<b>58</b>	<b>"Silver" recognition status on EcoVadis rating scale</b>



## Engaging in our Communities to Advance Human Rights

We believe that our involvement in local communities creates benefits for our employees, our business and a more equitable society in the communities in which we operate. Around the world, Comverse country offices make donations and advance locally-relevant community activities with employee volunteers, for example, organizing fundraising events and participating in different activities to advance social causes and offer disaster relief.

### Global Community Investment 2012



## Social Responsibility

### Americas



Wakefield: Sponsored walk to benefit Easter Seals – to help people with disabilities live full, independent lives

Mt. Laurel: Sponsored a 5K walk/run to benefit Virtua Hospital



### India

For the 4<sup>th</sup> consecutive year, Comverse India took part in the Airtel Delhi Half Marathon in support of underprivileged children



### Singapore



Comverse Singapore assisted the needy and also donated food through Shan You Counseling Centre's "Food Ration Service"

## Making Our Work Environment Nicer - Special Enhancement Activities From Around the World



### La Défense, France – Serious Fun on EHS Day

The La Défense employees took EHS Day (Environment, Health & Safety) to heart, following up the documentary film with intensive discussions about topics including “There Is No Planet B” and “Green Is the New Black.”

### India – Birthday Bash

More than 100 employees got together in the India office cafeteria to celebrate and enjoy a birthday bash for the Q2 birthday celebrations.

One highlight of the activities included “Mummy Wrap,” a game in which the “birthday babies of the quarter” had one minute had to roll their partners with kitchen paper. Whoever did the best was the winner (winners were awarded gift vouchers).

The games were followed by a delicious lunch including the famous Indian chaat (Indian snacks). Music, laughter and food contributed to a fun atmosphere in which everybody had a good time.



### India – Diwali Celebrations

Diwali, popularly known as the “festival of lights,” is a national holiday in India.

The India team celebrated the ‘Diwali’ festival in November with lots of decoration in the office. One of the ways that employees got into the holiday spirit was by dressing in traditional Indian attire. The best-dressed gentlemen and ladies were awarded shopping vouchers.

The day featured the Puja ceremony, done by Pankaj Lamba, Site Leader for India, and this was followed by a sumptuous Indian lunch.



### India – Mumbai Outing

The Annual Mumbai team outing was an action-packed day with a variety of games and activities – including water park sports and cricket.



The Annual Family Picnic is a much awaited event for the Mumbai Team. This year, the office headed out to the outskirts of Mumbai, Khandala, always a beautiful location, but especially so this year. It was lush green and scenic, due to the timing of rainy season.

The day started with spirited singing in the bus while on the way to the resort at Khandala. Upon arrival, breakfast was arranged and was followed by a cricket match. After cricket, it was time to hit the swimming facilities and everyone thoroughly enjoyed the water activities.

### Malaysia – Breezy Fun

The Malaysia team had great fun on their recent team kite-flying outing.

The excursion took place at the popular and scenic Morib Beach. The day was sunny and windy – perfect beach and kite weather.

The concept of the trip was to fly dragon kites at the Beach shore. The entire team had lots of fun flying the kites and playing *Frisbee*.

Picnic lunch was packed for all, which gave everyone a chance to take a break, catch their breath – and get ready for another burst of activity.



### Singapore – Recycling with a GRIN

The Singapore office launched a recycling program with a GRIN – followed by a fun education session and a healthy salad lunch.



GRIN (Grow your Recycling Incentives Now) is an organization that encourages environmental sensitivity, rewarding households and communities based on the amount of recyclables collected. GRIN points earned for every kg of recyclables earns points can be redeemed online for privileges and gifts.

A GRIN representative, along with an adorable live dummy, educated employees about the program and the necessity of going GREEN.

### Japan – Extending a Warm Welcome

The Japan office had a special team get together in to give a warm welcome to the new employees there. The happening took place at the renowned Pizza Salvatore – the authentic Neapolitan pizzeria – a trendy and spacious restaurant in Tokyo. The event provided an excellent opportunity for the new beginners to get acquainted with the team, and everyone had a great time!



### Japan – Aid in the Wake of the Earthquake/ Tsunami

The Japan office also scheduled a volunteer activity in Sendai in the Tohoku area, which was affected by the earthquake and tsunami that hit Japan last year. The Comverse team harvested buckwheat. The area was originally a rice paddy, but the post-tsunami soil, damaged by sea salt, can now only support buckwheat.

As harvesting buckwheat is significantly more strenuous than working at a computer keyboard, the team accomplished much – and was exhausted after a few hours. After the activity, they toured the area, examining some of the damaged houses still needing repair, and realized that there is much that can be done in future activities in the area.



### Israel – Kid Invasion

As the summer vacation reached its end, the Tel Aviv campus was "invaded" by the joyful presence of dozens of employees' children. The children watched movies in the auditorium, which was converted into a real cinema theater, replete with popcorn, ice cream and other treats.



In addition, parents and kids could finish some necessary shopping in the back-to-school fair that was held throughout the day. It was a lovely day, full of smiles – we hope the same could be said for the first day of school that came after it.

### Israel – Coming of Age

*Bar mitzvah* and *bat mitzvah* are coming of age rituals; when Jewish girls become 12 (boys 13), they become full-fledged responsible members of the Jewish

community, accountable for their actions.

Eighty-five children and their parents (Comverse employees) participated in the successful "Bar and Bat Mitzvah 2012" event, which included building rafts and sailing on the Sea of Galilee, a Jeep ride up the Arbel mountain for a spectacular view (including a sudden rain and massive rainbow), and dinner at a special ancient cave. *Mazal tov!*

### Israel – Building and Reaping

On October 14, 2012, more than 150 Tel Aviv employees took part in activities to benefit others.

About 100 volunteers from the Global Operations Unit renovated a disused building at the Renanim Boarding School and created a magnificent garden, giving the children who live there an attractive, warm club in which to spend some of their leisure time.

On the same day, 50 employees from the Finance Group worked hard harvesting agricultural products as part of the gleaning initiative of "Leket Israel" (the country's National Food Bank), with the produce going to the benefit of the poor.



### Australia – Christmas in July

Fun was augmented with elements of mystery and surprise at the Winter and Autumn Birthday celebrations in the Sydney office.



One recent Friday afternoon the team got together to celebrate the season's birthdays (for employees with birthdays in June, July & August). The theme of the event was "Christmas in July". The venue was decorated secretly to surprise all the employees. The boardroom was festooned with red and green decorations and tinsel while Christmas music played in background.

### Australia – Starlight, Star Bright, I Wish I May...

The Starlight Children's Foundation brightens the lives of seriously ill and hospitalized children, and their families, throughout Australia. While health professionals focus on treating the illness, Starlight is there to lift the spirits of the children, giving them opportunities to laugh, play and be a child again.

A team of 20 employees from Comverse Australia packed 200 craft packs to



donate to the Starlight Foundation for the children sick with cancer in hospitals. Each pack is individually portioned to make it easy for "Captain Starlight" to hand out on ward rounds so that they can be utilized for enjoyment at the child's bedside.

### Diversity Lunch in Wakefield

We had a great diversity lunch in Wakefield. Folks brought food from all around the world and we raised \$300 for the Jimmy Fund in the process.



### Mt. Laurel – Sea Cruise

At the tail end of the summer before the cold weather set in, the Mt. Laurel office set off on a sea cruise on the impressive “Spirit of Philadelphia” vessel.

Not only did participants enjoy spectacular maritime views of the river, of ships, and of the city from an unusual riverside angle, but there was also music, dancing, food and a variety of additional special activities.

We were relieved to learn that nobody had to walk the plank and everyone returned home safely.



### Principle 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

### Principle 4

Businesses should uphold the elimination of all forms of forced and compulsory labor.

### Principle 5

Businesses should uphold the effective abolition of child labor.

### Principle 6

Businesses should uphold the elimination of discrimination in respect of employment and occupation.

*The dedication, innovative spirit and loyalty of our employees are our main strengths in our competitive market. We strive to provide a nurturing environment for our employees worldwide, and ensure they are content, challenged and continue to grow both personally and professionally in a workplace which is healthy, safe, secure and equitable.*

## Building Trust and Engagement through Open and Honest Communication

Our communications infrastructure encourages open dialogue between employees and management in a culture which challenges all to take personal responsibility and deliver their best results. Comprehensive communications channels were established, supported by a Global Internal Communications Manager. In addition to corporate messaging and interaction on a company-wide basis, each Business Unit maintains its own specific communications program. The communications program includes update events with senior management, including interactive quarterly business updates and an open Employee Forum hosted by a member of senior leadership, in which employees can learn, share and ask questions.

**Note:** we only have a contact center in TLV. Employees obtain information through the regional HR department.



At Comverse, in order to ensure access to information and services for employees, our regional Human Resources team members are, available for all employees, enabling them to obtain information or raise concerns on any matter relating to Human Resources policies or practices including salaries, benefits, work hours, entitlements and more.

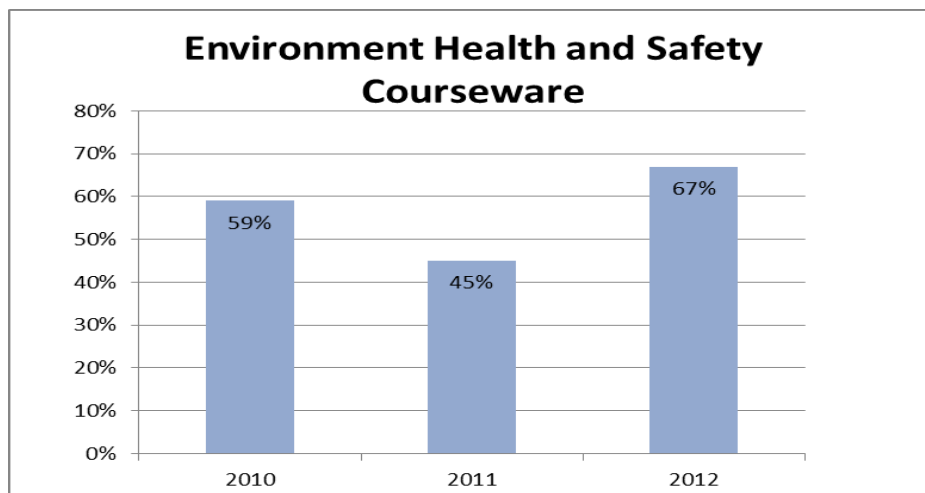
**Performance Evaluations:** We review employee performance in a structured way twice a year. The process is a two-way process in which employees also evaluate their managers. Performance evaluations are used to assess performance, development needs and set targets for the coming year. In 2012, 92% of employees participated in this process worldwide.

**Note:** we only distribute bonuses to certain eligible employees

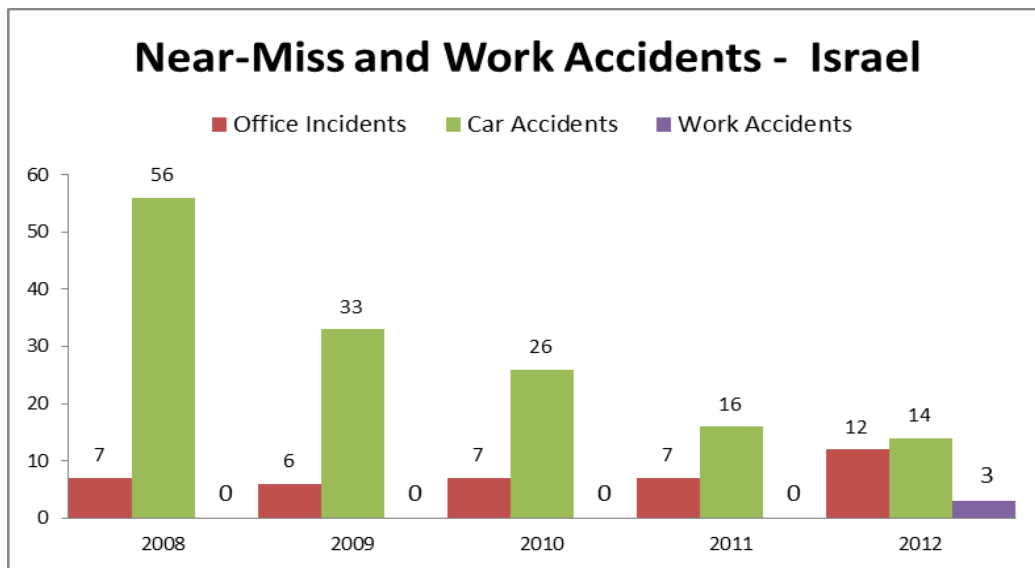
## A Responsible and Caring Workplace

EH&S practices include awareness activities and work station evaluation for ergonomic suitability. Accident prevention as well as other awareness information of EHS in our workplace is a focus of e-learning courseware. Any accidents or near-misses are thoroughly investigated and corrective actions taken as appropriate. In 2012 67% of our worldwide employee submitted the EHS training and pass the quiz successfully; this is an increase of 25% from previous year. Our goal for 2013 is to have 80% completed results in our annual courseware.

**Employee Health and Safety (EH&S):** Comverse works to ensure that employees are safe at all times, both in Comverse locations and when travelling abroad, and we also encourage employees to practice healthy lifestyles. Since 2008, Comverse is certified globally to the international standard OSHAS 18001 for occupational health and safety management systems.



In 2012, there were 26 near-miss accidents in our office in Tel-Aviv, three of them were reported as work accidents – all accidents could be avoided as a prevention actions we increased our employees awareness (by emails, notice signed and in our annual training).



**Employee Security:** A main focus of employee security, beyond our regular standards of office security around the world, is employee travel, especially to locations which carry known risks. All travel to underdeveloped or high-risk countries must be formally approved by the Corporate Security & EHS Department and employees are fully briefed before each trip. Comverse operates a Global Control Room and 24/7 Help-Desk services which provides a real-time response to any employee for ongoing response and services and in distress while at the office or during a business trip. Comverse also engages with "International SOS" a global security and medical services company and has kidnap and ransom insurance designed to protect our employees traveling in high risk areas around the world.

Comverse Security & EHS offers proactive warnings, specific physical security services for employees visiting high-risk locations, and in-depth reports delivered by email or available on the Corporate Security & EHS internal portal according to the business requirements.



## Upholding Employee Rights

We uphold and respect the rights of our employees to collective bargaining and freedom of association. Our employees are hired on the basis of personal contracts which are reviewed and agreed in advance and accepted by employees of their own free will. We do not engage in, or condone, any form of forced labor or child labor and no persons under legal working age, as defined in each country and by internationally ratified labor conventions, are employed anywhere in Comverse operations globally.

U.S. employees are not covered by collective bargaining agreements. Employees in certain European countries, including France, as well as in the Americas, including Brazil, are covered by collective bargaining agreements. We are not party to any collective bargaining agreements in Israel, however, certain provisions of the collective bargaining agreement between the General Federation of Labor in Israel and the Coordinating Bureau of Economic Organizations of Israel are applicable to our Israeli employees. *For more information, see the Employees section of our Form 10-K.*

## Equality, Diversity and Inclusion in the Comverse Workplace

Comverse is an equal opportunity employer, and aims to attract and retain a diverse workforce, reflecting the communities in which we operate. We place a focus on hiring individuals with the appropriate education, experience and aptitudes, irrespective of nationality, race, gender, sexual orientation and all other dimensions of diversity.

**Gender Balance:** We continue to strive to achieve a more equitable gender balance in our global business. We welcome women in our recruitment processes and train recruiting managers in gender awareness and equality. Of the 20 highest paid positions at Comverse, 25% are women and of the 15 most senior executives, 27% are women. Women make up 27% of our global workforce.

Region	Employees	Men	Women	% Women
Israel	997	649	348	35%
Americas	682	510	172	25%
APAC	440	349	91	21%
EMEA	422	341	81	19%
<b>Total</b>	<b>2,541</b>	<b>1,849</b>	<b>692</b>	<b>27%</b>

*NOTE: Approximately 30% of our total workforce is comprised of external contractors not reflected in the table above.*

**Equality in Compensation:** We target our compensation packages to ensure an equitable position relating to gender.

Similarly, discretionary bonuses awarded for 2012 were balanced, with 12% of all eligible women receiving a bonus, compared with 10% of male employees.

## **Principle 7**

**Businesses should support a precautionary approach to environmental challenges.**

## **Principle 8**

**Businesses should undertake initiatives to promote greater environmental responsibility.**

## **Principle 9**

**Businesses should encourage the development and diffusion of environmentally friendly technologies.**

*Comverse is committed to environmental protection and to compliance with all applicable environmental regulations and legislation around the world. We make every effort to minimize our impact on the environment and work to reduce materials, energy and water consumption, reduce waste and increase recycling. We promote environmental responsibility internally by providing an environmental management framework and several awareness and engagement initiatives with employees.*

## Comverse's Environmental Policy

Our global EH&S policy, signed by Philippe Tartavull, President and Chief Executive Officer of Comverse, Inc., was last updated in October 2012 and includes our position on environmental protection.



October, 2012

### Comverse Environmental, Health and Safety (EHS) Policy

*Comverse is committed to the prevention of illness and injury, as well as to the protection of the environment.*

*Through the implementation of effective environmental, health and safety (EHS) management systems, we foster a culture of health, safety and environmental responsibility among our employees, contracted employees working in our facilities, vendors, customers, and the public.*

Comverse is fully committed to comply with all applicable regulations and legislation and with our own EHS standards in our operations and products wherever we operate.

Comverse management and employees should conduct their activities to ensure a safe and healthy workplace and to minimize adverse impact on the environment.

Comverse supports and promotes a healthy and responsible lifestyle. We provide education through training and awareness activities, work procedures and methods, and we incorporate EHS principles into our daily work by setting goals and performance metrics in these fields.

We strive to integrate environmental, health and safety considerations into our business decisions, planning and actions through innovative processes and continuous improvement, with the goal of reducing health and safety hazards and environmental impact by following ISO and other recognized standards.

We continuously improve our EHS standards through the use of comprehensive and effective processes to reduce risks that may exist in the work processes and conditions. We:

- Investigate, understand and mitigate potential health and safety risks
- Recycle and reuse materials
- Handle and dispose of unavoidable waste responsibly
- Conserve energy and other material resources

Comverse Corporate Security & EHS Department will continue to lead implementation of EHS measures worldwide according to the company's and our customers' highest standards. The company regularly reviews, measures and verifies this Policy for applicable improvement through internal and external audits, communicates it to all employees, and makes it available to the public and all interested parties.

A handwritten signature in black ink, appearing to read "P. Tartavull".

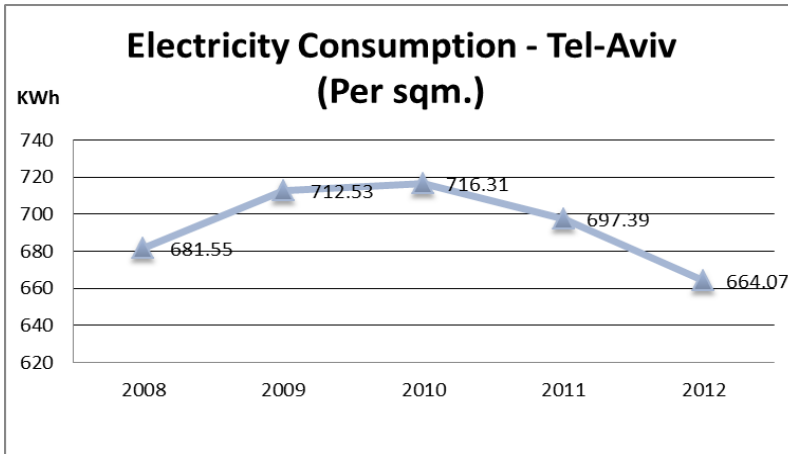
Philippe Tartavull  
President and Chief Executive Officer

## Our Environmentally Impacts

### Energy Consumption

Our energy consumption is primarily electricity which is purchased from local national grid providers for powering our office operations, and fuel for travel and logistics. As a result of our consistent efforts to improve our energy footprint, we have reduced our electricity consumption per employee by 5% due to awareness activities.

#### Tel Aviv, Israel

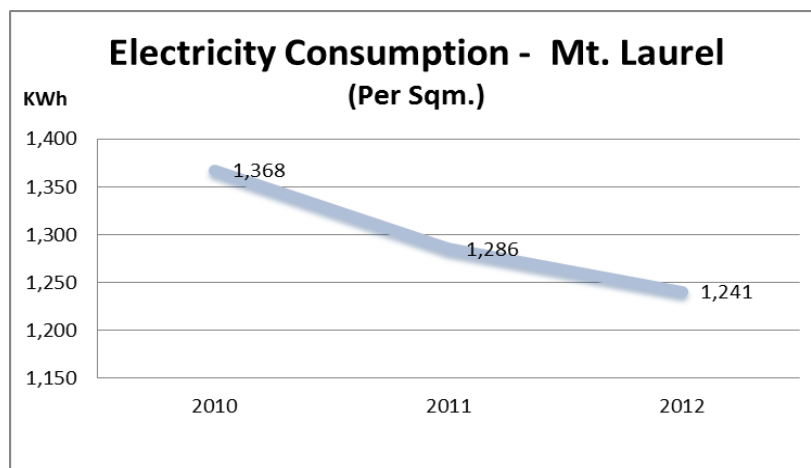


Activities which have contributed to our improved energy performance include:

- Setting office lighting, air conditioning and electronic equipment to switch off automatically when idle, or at pre-set times.
- Adding motion-sensor lighting in parking areas outside office hours.
- Increasing server visualization that reduces server energy requirements.
- Replacing equipment with more energy-efficient alternatives.

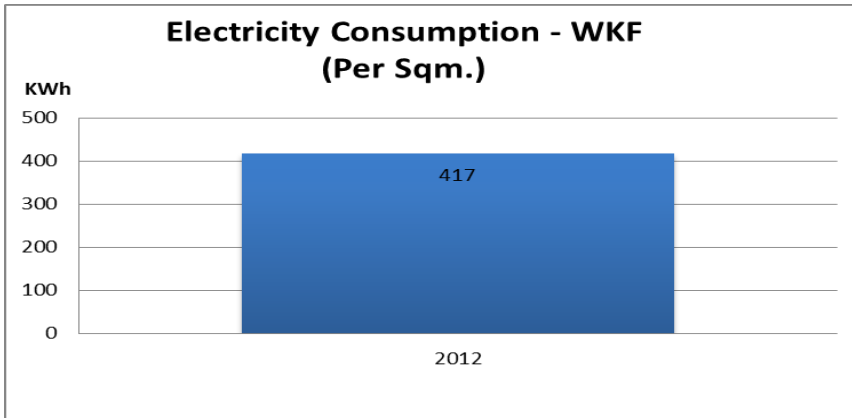
#### Mt. Laurel, USA

Our office center at Mt Laurel, in which we have 270 employees, is one of the largest Comverse centers outside of Israel. This location is an example of a successful local effort to reduce electricity consumption, including installing automatic shutoff systems for lighting, air conditioning and other electrical appliances. These efforts contributed to a continue reduction in office electricity consumption.



**Wakefield (Boston), USA**

Comverse headquarters in Wakefield is a major site in the U.S., where we have 250 employees. Due to contract and infrastructure reasons we could not actually assess our electricity consumption. In the past two years we have succeeded to arrange all needed information in order to have a separated electricity meter and to actually assess our consumption. The following graph show Wakefield site consumption in previous year divided per Sqm. (information is in KWh).



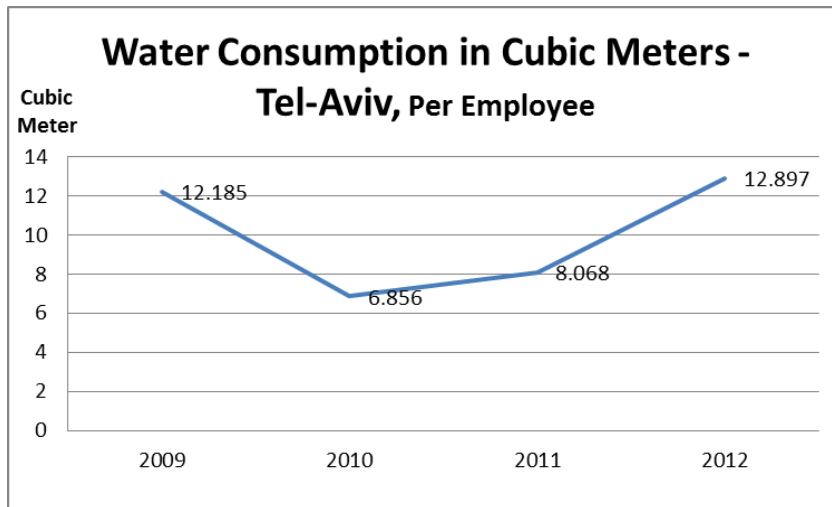
**Environment—Energy Consumption**

For the sake of our environment we have initiated an energy conservation and usage awareness campaign that also promotes personal fitness. These posters are visible throughout our major sites worldwide.



### Water Consumption

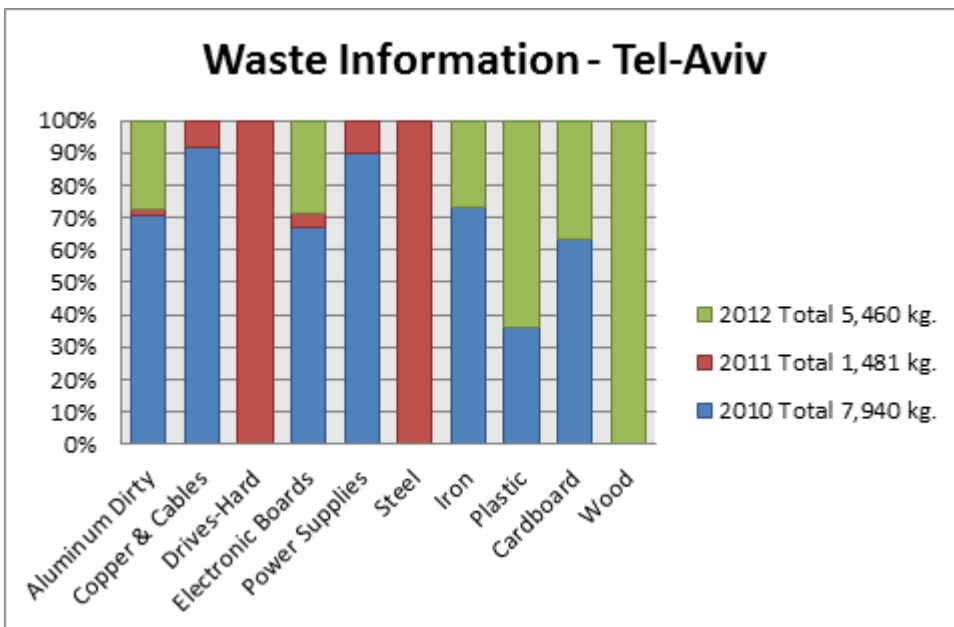
In June 2011 Comverse Tel-Aviv provided reduced lunch in a dining room located in Tel-Aviv office. Due to the full catering service water consumption has raised per employee.



### Waste Management

Our main labs site is in Israel. Our waste is from our production facilities. All our waste goes to recycling or re-use and includes mixed electronic waste, plastic, cardboard, aluminum and wood. In 2012 we recycled 54 tons of waste.

In addition, in our offices worldwide we have paper, plastic bottles, cans and glass recycling provided by the building management in our lease offices.

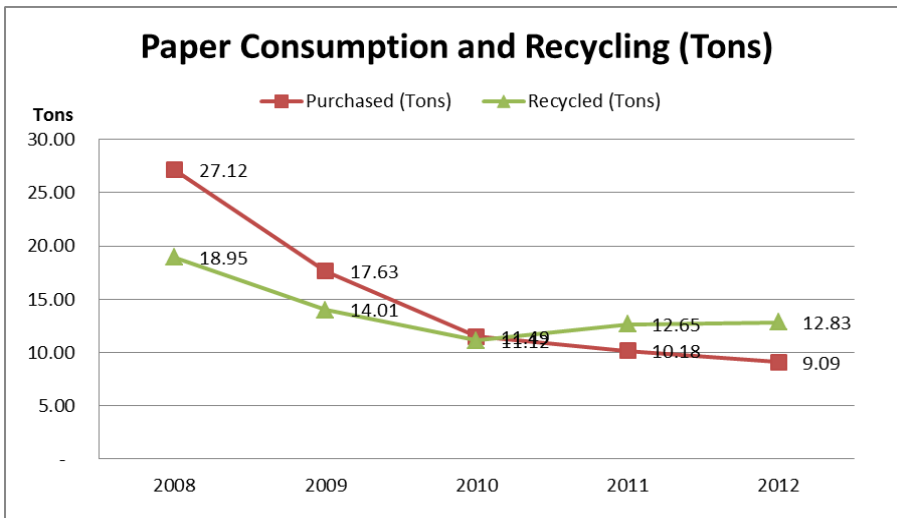




### Environment—Paper Consumption

We continue to reduce the volumes of paper we purchase each year, while striving to increase the volume of paper recycled. In 2011, for the first time, we achieved a level of recycling which was higher than the volume of paper purchased, mainly due to use of old stocks from 2011. In 2012 we succeeded to increase recycling while purchasing remain the same. This success is a direct result of a deep environmental approach of our employees. Activities which contributed to our improved paper performance include:

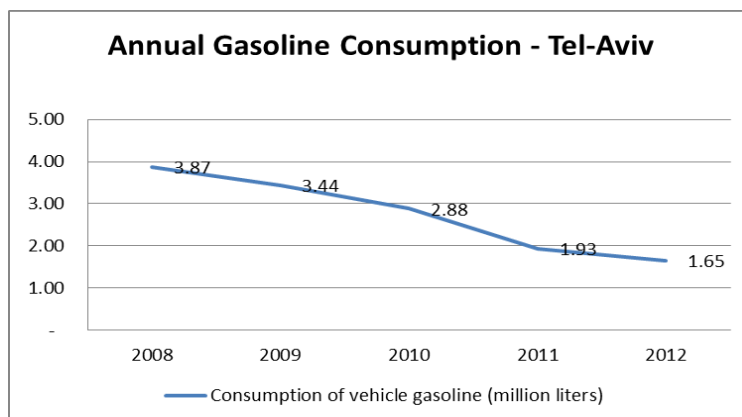
- Reduced levels of printing and conversion to double-sided printing for all requirements.
- High visibility in our offices, including signs next to trash cans and placement of recycling bins in office locations.



### Employee Travel

We encourage our employees to use low-carbon transportation alternatives to travel to and from work. Most of our offices around the world are situated within easy reach of public transportation and are equipped with showers for those who walk or bike to work. In Israel, we provide a regular shuttle service between the Comverse HQ and three local train stations which is used by around 700 employees.

In 2012, we continued to encourage initiatives that will reduce the impact of employees' travel in Israel and in worldwide offices. In 2012 we continued the trend of reducing gasoline consumption in company cars.



### **Our New Green HQ**

Comverse plans to move its Israel HQ to a new green building at the end of 2014. This move provides an opportunity to design an office that illustrates how energy efficiency can be put into practice. The design includes features such as energy-efficient lighting, smart electricity meters, a recycling center and recycling infrastructure.

Comverse believes that workplaces can contribute to reduced impact on climate change. Our aim is to reduce carbon dioxide emissions and our activities' ecological footprint.

### **Sharpening Our Focus on the Environment, Health and Safety**



### **Save the Earth – It's the Only Planet with Chocolate**

The popular refrigerator magnet "*Save the Earth – It's the Only Planet with Chocolate*" is a bit whimsical, but it makes a good point: the environment is a very serious topic.

The Corporate Environment, Health and Safety (EHS) Department has begun to implement major EHS processes globally. In line with the understanding that employee commitment and involvement are essential for a successful EHS implementation, September 2012 saw a strong focus on the environment, health and safety (EHS) at Comverse.

### **Green Is the New Black**

The first week of September was designated **EHS Week** globally, with special activities held in ten Comverse offices worldwide: Tel-Aviv, Adelphi/UK, Madrid, La-Defense/France, Caen/France, Lannion/France, Wakefield, Singapore and Gurgaon ND/India. More offices will be added in 2013.

Activities focusing employee attention on EHS included emails, stickers (**Green Is the New Black** and **There is No Planet B**), activities (environmental film, presentations, Wii games, ergonomic survey, prizes, wearing green), and healthy refreshment (fruits, yogurt, granola – but no chocolate).

### **Improving the Work Environment**

Providing employees with a bit of fun and thoughtful relaxation at the office was a successful kickoff for ongoing efforts to improve the work environment through safe work conditions, a reduced environmental footprint of our operations and more. A key focus in 2013 is to continue providing safety and environmental management systems to better facilitate business integration of EHS and to demonstrate world-class performance to our stakeholders.

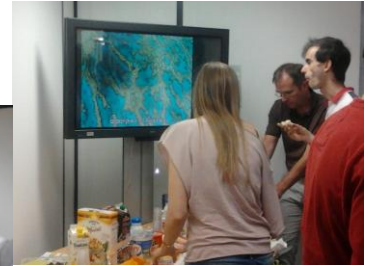
To close with the words of a second environmentally conscious refrigerator magnet: *Save the World – Someone Else May Want to Use It!*



### Environment, Health and Safety Day at Comverse:

EHS day is intended to increase awareness in regards to our environmental responsibilities and our health and safety in the workplace.

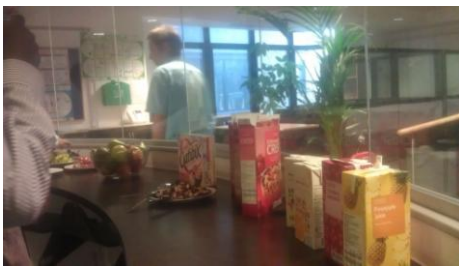
## FRANCE



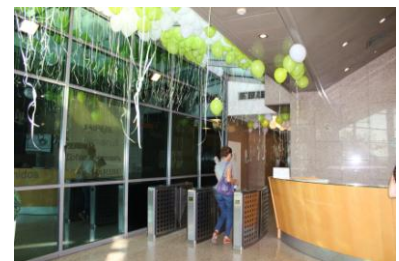
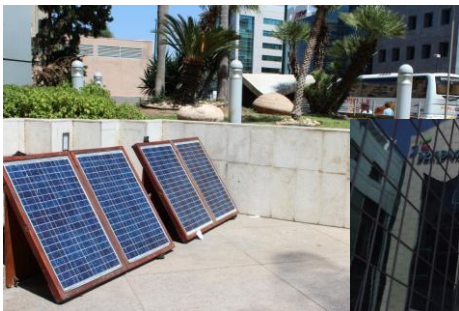
## SINGAPORE



## UNITED KINGDOM



## ISRAEL



## **Reducing our Carbon Footprint in our Supply Chain**

As part of our service to our customers, we deliver communications cabinets to locations all over the world. We constantly work to develop solutions for more efficient transportation of this equipment.

Communication cabinets are around two meters high, weigh close to one ton, and are typically shipped upright to prevent in-transit damage. We transport more than 700 such cabinets every year and, working with our vendor, identified a horizontal shipment solution that eliminates significant dead space and improves both the cost and environmental efficiency of our transportation. In order to enable horizontal shipment, we developed an innovative method of reinforcing the cabinets so that they would withstand damage in a horizontal position, as well as a suitable method of reverting them to an upright position upon delivery, avoiding any damage. Our unique solution for horizontal transportation enabled double the number of cabinets to be aggregated in one shipment: by improving the engineering of packaging design and reducing the height from 92 cm to 80 cm, six communications cabinets can now be shipped on one pallet, compared to three in a vertical position. This more compact cabinet design also requires less packaging, generating additional environmental benefits.

Another benefit of horizontal shipping is that it enables the utilization of different types of wide-body planes, including passenger planes and not just freight aircraft as previously. This allows for more shipping alternatives, reduces the need for special transit flights and unnecessary in-land transport, and saves about 50% in fuel costs and resulting carbon emissions.

Currently, Comverse is the only company in the world that transports communications cabinets horizontally, and we have been successful in reducing the volume of our shipments by 60%. Comverse's largest customers now use this solution.

Furthermore, in order to optimize performance and reduce costs, we have worked with our vendors to define and deliver specific internal configurations for the blade servers and storage devices to reduce the amount of work in our production line. Another example of increased efficiency is in the area of internal cables. Our cabinets consist of hundreds of communication cables in different types and lengths. We have moved to on-demand production per each unique customer project, which reduces cable inventory and scrap and saves time.

## **Our Environmentally-Friendly Technologies**

### **The Role of Broadband in Generating Environmental Benefits**

As a technology company whose core activity is creating innovative solutions, we place great importance on utilizing the advantages of broadband to enhance our service offering and create more efficient options for our customers, so that they can lower their costs and reduce their own environmental impacts.

A broadband network can support higher capacity and traffic volume with reduced equipment requirements. Utilization of this technology lowers expenses for CSPs through more efficient power consumption and lower daily operation and maintenance, providing not only cost benefits but also enabling lower environmental impacts of the services they offer to their customers. Generally, use of broadband networks has a major impact on the way work is done, enabling connectivity while reducing travel needs, printing, transportation and more.

### **Optimization of Broadband for Greater Energy Efficiency**

Maximum network utilization enables transferring more data at a higher rate and convergence enables the use of a single network solution for multiple services. Comverse's convergence solutions enable service providers to offer several services, such as prepaid and postpaid voice, messaging, and mobile Internet in a single network and under one bill – saving on costs while providing end-users with convenient communications solutions, and reducing operational costs for the Communications Service Provider.

### **Our Environmentally-Friendly Solutions**

We provide our customers with efficient, smart communications technologies and systems which offer optimum utilization and lower energy consumption, enabling them to manage and reduce their own environmental impacts.

Our solutions include:

- Utilizing virtualization and cloud technologies to reduce the size and amount of servers needed, which helps save energy and reduce floor space. In recent years we were able to reduce the average number of communications cabinets that Communications Service Providers need by about 70% (from 80 to 25)
- On demand reallocation technology which allocates broadband capacity wherever needed, enabling servers to go into "sleep" mode or switch off when not in use.
- Using new hardware providing more capacity per unit with reduced power consumption.

### **Reducing Waste for our Customers**

Designing with the environment in mind, we try to ensure that our customers face minimum problems relating to waste at the end-of life of Comverse products or at replacement time. All our components are 100% recyclable so our customers are never left with a waste problem. Furthermore, we commit to taking back Comverse products which are replaced with newer technologies, and ensure they are recycled in an environmentally acceptable manner.

### **Production Process Improvements**

Our internal lab equipment consumes about 70% of the total power consumption of the Company. Part of our efficiency and energy reduction strategy has been to move many of our applications to external cloud environments where the most energy-efficient and technologically-advanced servers are deployed and the servers are able to be fully utilized in the most efficient manner. We currently run more than 2,000 servers virtually. This, and other process improvements, has enabled us to reduce internal server cabinets by 700, reducing floor space needs and power consumption.

Process improvements and prioritized operating protocols have allowed us to manage our servers in a manner that turns them off when not actively engaged. All new equipment requests pass through a qualification review by lab experts that includes specific focus on reduced power consumption alternatives. Finally, we have located and re-located lab equipment in our facilities in a configuration that allows for the most efficient cooling processes.



## **Principle 10**

**Businesses should work against corruption in all its forms, including extortion and bribery.**

*Comverse is committed to conduct its business fairly, with integrity and in accordance with local and international laws and regulations. We are committed to provide our employees with a work environment in which business is conducted in accordance with the highest ethical standards.*

## Ethical Conduct at Comverse

***I ACT @ Comverse***: Our framework for ensuring a culture and practice of ethical conduct at Comverse starts with our foundation: ***I ACT @ Comverse*** which defines the basis of our ethical behavior and expected conduct relative to our four core values. ***I ACT @ Comverse*** applies to all employees, officers and directors of the company, and all wholly-owned subsidiaries and controlled entities.

***I ACT @ Comverse*** was launched in 2012 and replaced two previous and separate documents: Our Code of Conduct and Our Values Statement. All employees are required to complete online training programs which address various topics included in ***I ACT @ Comverse*** and other company policies.

**Ethics Advice Line**: Comverse uses an independent service to provide a confidential toll-free 'Ethics Advice Line' which enables all employees to report any suspected ethics violation with anonymity and without fear of reprisal. Employees may also report concerns to the Comverse Compliance Office. For more about the Ethics Advice Line, see:

[http://www.comverse.com/corporate\\_responsibility](http://www.comverse.com/corporate_responsibility)

In 2012, 17 reports were made to the Ethics Advice Line, of which 12 were substantiated. All substantiated incidents were dealt with via appropriate and consistently-applied corrective actions ranging from counselling and training up to demotion and dismissal.

***I ACT @ Comverse*** can be downloaded from our corporate website:

[www.comverse.com/corporate\\_responsibility](http://www.comverse.com/corporate_responsibility)

## Compliance at Comverse

Comverse is committed to work in compliance with all legislation and regulations in all countries where we do business, without exception. We invest in educating our employees about proper business conduct, and ensuring the existence of appropriate management frameworks and mechanisms to ensure the highest possible compliance performance.

Internal audits are performed on a rotating basis through all company operations and include a review of financial reporting and record keeping procedures and controls. Audits are part of a comprehensive Risk Management Process which includes interviews with the CEO, the global Executive Committee, and a range of managers. Audit priorities, including both operational and organizational topics, are identified and an annual audit plan is formed after this process is complete. In 2012, 5 areas of key risk were identified and assigned to senior executives to design and implement mitigation plans.

## Anti-Corruption at Comverse

The basic tenets of Comverse's Anti-Corruption Policy are:

- Comverse does not make any payments or provide anything of value to government officials, private or public company executives or to anyone to unfairly obtain or retain business or to gain an inappropriate advantage ("bribes") or take any actions that create a sense of obligation by the recipient.
- Comverse does not make bribes indirectly through agents or other third parties.
- Comverse avoids the appearance of making bribes. We do not provide lavish meals, excessive entertainment or material gift-giving. Furthermore, some governments, government entities or commercial companies may have more restrictive policies in place that prohibit providing any gift, entertainment or meal, regardless of value.

- Comverse maintains detailed and accurate books, records and internal controls. The Company does not have any “off books” arrangements and does not falsify its books and records for any purpose.

We ensure that all directors, officers and employees are aware of what their agents and other third party representatives (including vendors, suppliers and subcontractors, etc.) are doing on our behalf and we make best efforts to ensure that such entities do not pay bribes or engage in other corrupt or illegal activities. Willful ignorance is no excuse and all directors, officers and employees are expected to follow both the spirit and letter of this policy.

Anti-Corruption training is conducted for all Comverse managers as part of our training on ethical conduct.

For Comverse's full Anti-Corruption Policy, see: [www.comverse.com/corporate\\_responsibility](http://www.comverse.com/corporate_responsibility)

## Your Feedback

**We thank you for taking an interest in our Communication on Progress and invite your queries, feedback and suggestions.**



### Contact Details:

#### **Comverse, Inc.**

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