Sustainable Connectivity Around the Globe

ECI Telecom

Sustainability Report 2013

This report is written in accordance with the Global Reporting Initiative Sustainability Reporting Guidelines at CORE level.

Photo credit: Eitan Rabany, ECI Telecom

Contents

Photo credit: Marshall Yam, ECI Telecom, Israel

This report is illustrated with photographs taken by ECI Telecom employees worldwide in our "ECI & I, Connecting Beyond Borders" photo contest, 2013.

About this Report

This is ECI Telecom's third Sustainability Report covering the role we play in society as a global business, our business activities, and our impacts on people, communities and the environment.

The report describes our approach to sustainability and the actions we have taken during 2013 to advance responsible and accountable practices.

Data in this report relates to the 2013 calendar year unless otherwise stated. Relevant information and case studies from early 2014 are also included. The scope of this report is all of our global business operations owned by ECI Telecom. External operations at sub-contracted vendors are excluded.

We intend to report annually.

In developing this report, we have considered input from our stakeholders, gathered throughout the year in a wide range of interactions.

The selection of content for this report was the result of a revised materiality process to determine the priority impacts of our business and stakeholder interests and several interviews with managers around the world. The basis for data calculations is noted in the relevant sections of the report.

Feedback

We hope this report will encourage dialogue between ourselves and our stakeholders, especially our customers, suppliers and employees. We welcome your feedback, queries and suggestions on any aspect of our sustainability performance impacts and performance. Please contact Eynat Rotfeld, CSR Manager by email at Eynat.Rotfeld@ecitele.com or by telephone: +972-3-926-6507.

This report has been written in accordance with the Global Reporting Initiative (GRI) G4 sustainability reporting guidelines, at core level, which we believe represent the most advanced sustainability reporting framework available today.

The Global Reporting Initiative is a not-for-profit multi-stakeholder organization which acts to increase the level of business transparency through sustainability reporting among companies throughout the world.

The main tool for assimilating sustainability reporting is the GRI reporting framework, which contains detailed guidelines for reporting on sustainability impact and provides a consistent structure that thousands of companies around the world can use to disclose their approach and performance related to sustainability.

Over 7,000 sustainability reports were published in 2013 by companies all over the world, many of them using the GRI framework. The most recent version of the GRI framework, G4, was launched in May 2013. For more information, please see: www.globalreporting.org.

Photo credit: Avi Messinger, ECI Telecom, Israel

Greetings from our President and CEO

I am pleased to share with you our third Sustainability Report covering the progress we have made in 2013, advancing sustainable connectivity around the globe while managing our business in a responsible manner.

In 2013, we were able to focus, innovate, collaborate and expand our market presence, bringing connectivity to millions more users in many markets. Our customers in these markets are spearheading the application of our new technologies to offer enhanced possibilities of all forms of digital applications, mobile technology and multimedia solutions, based on wider and ever-more reliable optical and data transport.

Through the collaborative partnerships we engage in, we remain at the forefront of such breakthroughs, including advanced one-terabit capability and new SDN (software-defined networks) platform readiness. Further, we have enhanced our security capabilities and now support cyber-protection solutions embedded at the network level to ensure early detection and elimination of cyber threats.

At the same time, we have reduced our environmental impacts. Since 2008, we have halved our absolute energy consumption and achieved massive reductions in our greenhouse gas emissions, waste generation, and water consumption, and increased our recycling of waste. We have delivered new generation network products such as "Apollo" and "NPT" that are far more energy efficient in the use phase than their predecessors. We have also restructured our entire logistics operation to eliminate more than 100,000 international shipments of components per year. As part of our commitment to social development, we continue to support local communities where we operate and in 2013, for the first time, we made a global effort on Global Good Deeds Day, involving employees in four countries.

I continue to be committed to improving our contribution to society by advancing sustainable connectivity, and demonstrating integrity and ethics in the way we do business. I hope you find this report interesting and useful. As always, we welcome your views.

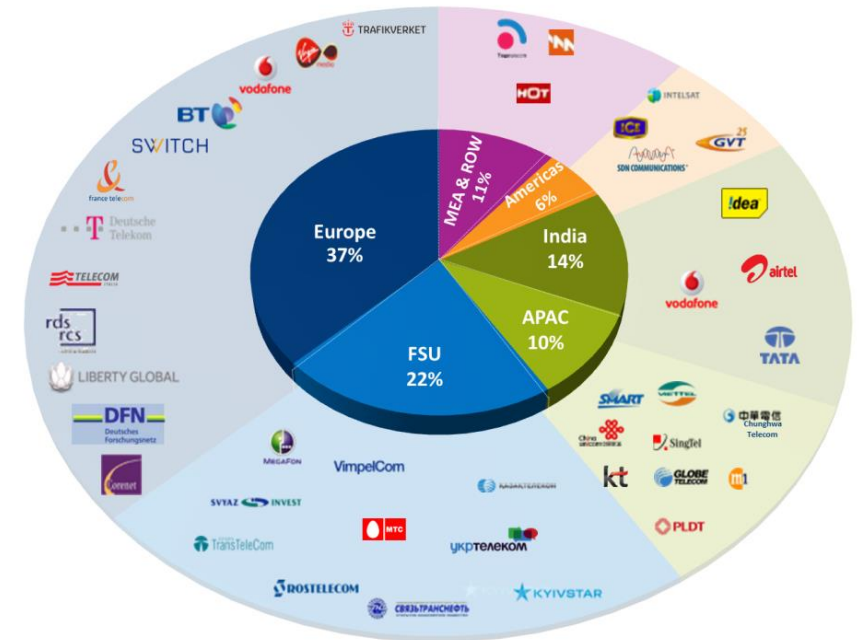**Darryl Edwards, President and CEO**

About ECI

Corporate HQ in Israel
Regional HQs in the US, Germany, India and Singapore

Over 25 sales offices in all continents

R&D centers
Israel, China, India

Over 100 partners in all continents

Breakdown of sales by region and key customers served

Founded in 1961, ECI Telecom Ltd, headquartered in Israel, is a privately-owned provider of Transport and Software Solutions for digital communications networks. We design, develop, manufacture, market and support Next Generation Packet Optical and Carrier Ethernet solutions for service providers and customers with a need for mission critical networks. We serve over 250 customers, including leading wireline/wireless service providers and utilities worldwide, through an international sales force, local agents and resellers in over 25 regional sales and service centers. ECI Telecom also maintains a network of resellers in over 70 countries. At the end of 2013, we employed over 1,700 people in 21 countries.

Our Values

ECI Telecom employees share five basic values:

Respect for the Individual: We treat one another with respect and dignity, appreciating individual, cultural, and national differences. We seek to learn and therefore we listen to one another attentively and compassionately and communicate often and openly. We encourage individuals to express their views and use their talent to the fullest. Company policy prohibits discrimination against employees, stockholders, directors, officers, customers or suppliers on account of race, color, age, sex, religion or national origin. All persons are treated with dignity and respect.

Team Spirit: Our team spirit binds us together, transcending organizational, functional, and geographic boundaries. We work hard towards a common goal and deliver beyond expectations. We cooperate, collaborate, and empower one another in recognition that a global effort translates into exceptional solutions and services.

Innovation: We constantly strive to redefine the standard of excellence in everything we do. We are open to ideas that challenge the convention, seek diversity of views and drive innovation. We encourage both individuals and teams to constantly search for innovative technologies and creative business solutions and recognize their achievements.

Integrity: We are committed to conduct ourselves in a manner consistent with the highest standards of integrity. We are honest, ethical, and fair in all our activities. We keep our word, deliver on our promises, and acknowledge our mistakes. Our personal and business conduct ensures that ECI is a company worthy of trust.
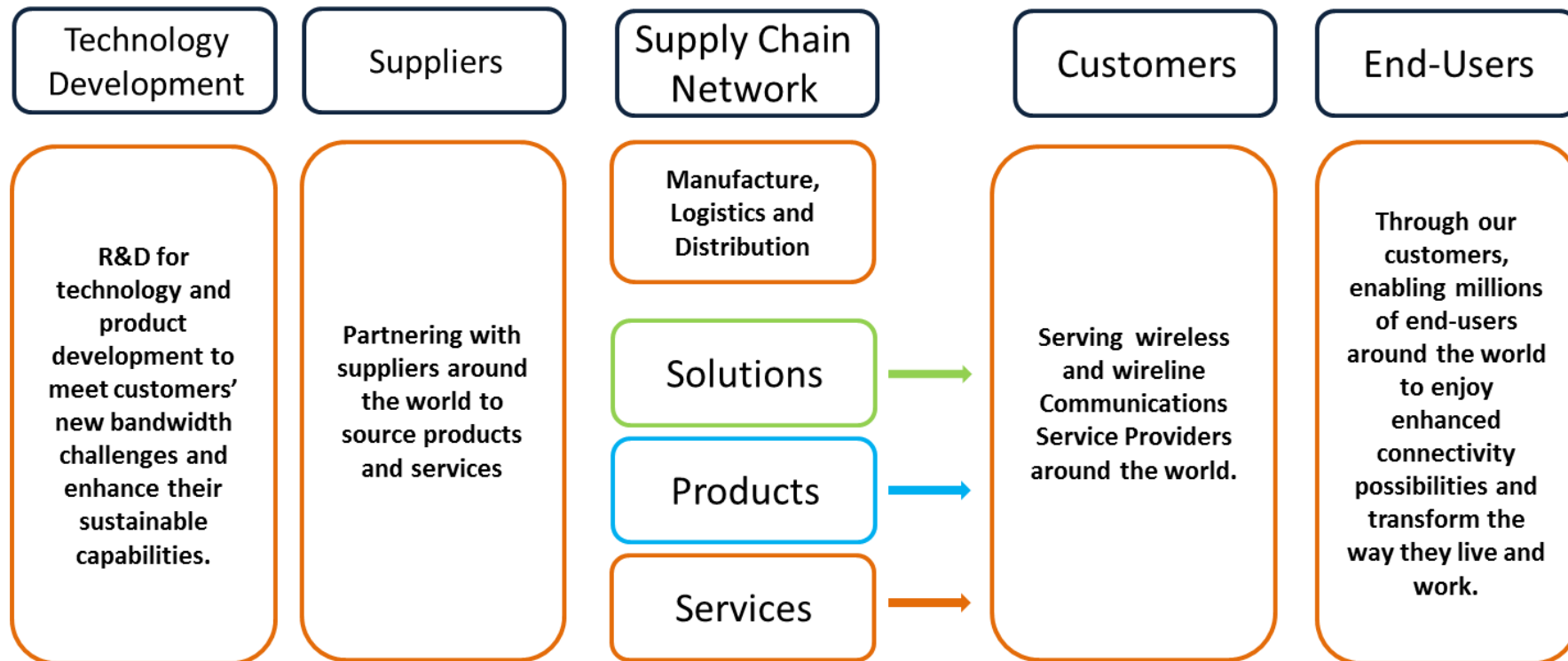
Our Customers: We are dedicated to creating value for our worldwide customers by developing and providing technologically advanced solutions and services. We build lasting relationships with our customers by listening, understanding, and anticipating our customers' needs. We are easy to do business with and always strive to be responsive and professional. ECI customers can trust our commitment to their success.

The driving force behind these values is the ECI Telecom's One Company One Team organizational pillar. In all activities, we conduct ourselves respectfully to promote these values and lead ECI Telecom to long-term, sustainable success and create opportunities for achievement and benefit to our stakeholders.

Creating value

We create value for our shareholders and our stakeholders throughout our value chain and global supply network, achieving profitable business growth and making a valuable economic contribution where we do business. We maintain a network of local subsidiaries in order to remain close to our customers and understand their needs, partnering with them to grow their offerings competitively in their global markets. We employ over 1,700 people directly, and hundreds more who are engaged in the manufacture and supply of our components through our turnkey outsourcing operations in Israel and China, and other suppliers in local markets. Ultimately, ECI Telecom's contribution is to enable sustainable connectivity for hundreds of millions of consumers around the world.

Technology Development	Suppliers	Supply Chain Network	Customers	End-Users
R&D for technology and product development to meet customers' new bandwidth challenges and enhance their sustainable capabilities.	Partnering with suppliers around the world to source products and services	Manufacture, Logistics and Distribution Solutions Products Services	Serving wireless and wireline Communications Service Providers around the world.	Through our customers, enabling millions of end-users around the world to enjoy enhanced connectivity possibilities and transform the way they live and work.

Sustainability dashboard

Performance	2011*	2012*	2013*
Customer service satisfaction (global)	-	91.6%	-
Supply chain audits of key suppliers	3	10	5
Female employees (global)	22%	23%	23%
Female managers (global)	17%	20%	17%
Lost time injury rate**	0.061	0.192	0.236
Lost time day rate**	0.052	0.032	0.067
Absenteeism rate	2.5%	2.5%	N/A
Volunteer hours (global)	8,577	9,500	6,432
E-tasc score	96%	97.20%	97.60%
CO2 emissions (Scope 1 & 2)	-16.6%	-15.6%	-39%
CO2 emissions (Scope 3)	-12%	-43%	-21%
Energy consumption	-13.3%	-19.6%	-31.3%
Water consumption	-2%	-3.4%	-2.1%
Waste to landfill	-39%	-69%	130%
Waste recycled (as % of total waste)**	31%	57%	12%

Data refers to Israel operations unless otherwise stated.

*Comparative data is referenced to prior year's performance.

** Data for 2011 and 2012 has been updated to reflect changing reporting methodologies.

Photo credit: Jegadis Kumar, ECI Telecom, India

Priority sustainability issues

Following a detailed analysis of our main sustainability impacts in 2012, we identified 12 priority issues in 4 areas: Accessibility, Efficiency, Networks and Integrity. These issues remain priorities also in 2013.

Sustainable connectivity means making broadband internet solutions accessible to the widest population possible in the most resource-efficient manner possible. We innovate to develop new connectivity options for our customers so that they can be more competitive in their local, regional and global marketplaces. We expand accessibility and enhanced digital options to more people around the world for faster, more efficient, more aligned and more advanced communications solutions.

Broadband demand around the world continues to grow. As technology advances, diverse use of services such as video streaming, connectivity across multiple devices, internet-based voice connections (VOIP), and unprecedented usage of social media and online options for communications, news, commerce, management of a range of interactions for diverse purposes, mean that infrastructure needs to become more extensive and work faster and more efficiently.

Increasingly reliable and efficient broadband access is the key to sustainable connectivity.

This is the heart of ECI Telecom.

ACCESSIBILITY

- Supporting customer competitiveness
- Driving innovation for improved performance
- Expanding our market presence

EFFICIENCY

- Improving the resource efficiency of our products
- Reducing our energy consumption
- Reducing waste and increasing recycling

- Advancing partnerships with suppliers
- Engaging and supporting employees
- Supporting our communities

- Ethics
- Governance
- Transparency

NETWORKS

INTEGRITY

Photo credit: Oren Bokobza, ECI Telecom, Israel

Accessibility to the internet has the power to transform lives and conserve resources. The Information and Communications Technology (ICT) Sector is an enabler of a connectivity transformation that changes the way we work, interact, collaborate, make decisions and simply, live our lives.

Every aspect of our lives are touched by technology, from the possibilities of advancing healthcare through communications technologies to the vast array of entertainment options we can now view on-demand from our smartphones, mobile notebooks, or television screens.

ICT makes a contribution to education, research, healthcare, utilities infrastructure management, transportation and mobility, business development and sustainable lifestyles in general. Virtual offices and remote working are connecting teams across borders in a truly seamless digital society that demands more and faster broadband capabilities.

Recently, the CEO of Google proclaimed that everyone will be online by 2020. With an internet penetration rate of less than 40% in 2014, there is some way to go to achieve this vision.

We advance accessibility in three ways:

1 Working with customers to provide optimal network solutions to help them become more competitive in their own markets, with lower cost structure and enhanced offerings to end users.

2 Continuously investing in R&D to bring our customers innovative solutions with improved broadband speeds, network integration, and possibilities for new user experiences.

3 Expanding our market presence to reach new markets that enable our customers to connect wider populations to existing and new technologies.

In this section, we provide examples of how we are making an impact through expansion in existing and new markets with innovation and implementation of integrated network solutions.

ACCESSIBILITY

- Supporting customer competitiveness
- Driving innovation for improved performance
- Expanding our market presence

Deloitte estimates that economic activity resulting from increased connectivity could generate $2.2 trillion in additional GDP, a 72% increase in the GDP growth rate, and more than 140 million new jobs.

Applicable G4 Guidelines Disclosures

G4- EC6   G4- EC8   G4- PR5

Digital inclusion in Latin America

In Mexico, ECI Telecom works with the government-owned Federal Electricity Commission (CFE) to enable use of the CFE 750,000 kilometer power lines network infrastructure to distribute fiber optic digital communications throughout Mexico. This initiative makes the internet more accessible to Mexicans in all regions and opens up the telecoms market in Mexico that has been subject to monopoly control to date. A new national digital inclusion strategy of November 2013 makes accessibility and connectivity a top governmental priority to boost economic advancement.

The Mexican fiber optic network is a robust platform of more than 22,000 kilometers that supplies reliable, high capacity digital communications to third parties through CFE Telecom, a wholly owned subsidiary of CFE. The fiber optic network reaches rural areas, now providing telecommunications access to millions of people for the very first time.

This project began in September 2013, includes 3,000 sites, and will reach tens of millions of end users when complete. It transforms accessibility in Mexico, creating broader, faster and more reliable access, while stimulating competition and an expected improvement in affordability for all.

MEXICO
120 million
population (2014)
42.6%
internet users
58%
mobile phone penetration
14.42 Mbps
internet speed (65th out of 191 countries)

BRAZIL
203 million
population (2014)
42.2%
internet users
99.8%
mobile phone penetration
10.79 Mbps
internet speed (76th of 191 countries)

ECI Telecom has a long history in Brazil and we have been present in the Brazilian market for more than 15 years. Today, more than 80 percent of the telecoms equipment we supply in Brazil is placed in street cabinets.

We offer a specific advantage with our electronic switchboards as they are designed to retain functionality in the coldest and warmest temperatures, in a range of minus 20 to 70 degrees celsius. Most comparable equipment is stable up to a maximum of 50 degrees celsius. Given the tropical Brazilian climate, this flexibility offers an advantage for telecoms providers.

We remain committed to supporting the expansion of telecoms infrastructure and digital access in Brazil.

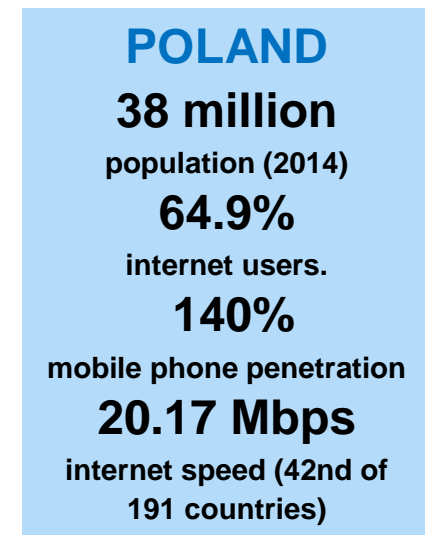# Connectivity capabilities in Poland

ECI Telecom has a strong presence in Poland, working with several municipalities and leading operators to advance mobile and wireline technology and access. The key sectors we support are transportation and utilities infrastructures and connectivity. Today, we work in all regions of the country and establish both infrastructure and networks, and improve performance.

As an EU country, Poland is motivated to align with the Digital Agenda for Europe and improve broadband capabilities throughout the country.   Major efforts continue to connect mobile and internet access to the country's 11 million households, businesses and governmental organizations. The aspiration is to not only provide access but also exploit the possibilities of technology in education, healthcare, transportation and efficient utility management.

One of the challenges for electrical power utilities in Poland has been to ensure adherence to regulated standards for availability of services and the frequency of short power outages lasting less than five minutes. These performance standards are measured against two parameters: SAIDI (System Average Interruption Duration Index) and MAIFI (Momentary Average Interruption Frequency Index). In both cases, operators in Poland must comply with regulated standards in order to receive funding and authorization to apply power consumption fees for customers.

In 2013, we succeeded in our collaboration with a major electric power generator in southern Poland to support improvement in SAIDI from 95 percent to 98 percent, and MAIFI from 300 days to 3 days in total, thereby enabling our customer to be compliant and serve the local population effectively.

POLAND

38 million
population (2014)

64.9%
internet users.

140%
mobile phone penetration

20.17 Mbps
internet speed (42nd of 191 countries)

Connectivity in Myanmar

In early 2014, we began a new multi-million dollar project in Myanmar to provide communications networks throughout the country based on our most advanced optical transport Apollo technology that offers up to 100G capabilities and our multiservice packet optical transport system XDM.

Upgrading the communications infrastructure gives Myanmar new opportunities to compete in a world where land and mobile communications capabilities are essential for economic and social development.

We have been working on a government project in Myanmar for several years, implementing a communications infrastructure that serves as the backbone for Myanmar's communications network.

TechinAsia reports that the Myanmar mobile market will grow to 6 million smartphones by 2017. Ensuring adequate network capacity and capability is a prerequisite to enable such growth.

The Republic of the Union of Myanmar, (formerly Burma) is the world's 24th most populous country, with a population of almost 60 million.

Civil war, military rule and international sanctions slowed development in the country and Myanmar is currently one of the less developed countries in the world, ranking 149 out of 168 countries in the Human Development Index.

However, in 2008, Myanmar began a transition to civil rule, creating a new constitution. With this change came a steady advancement toward economic and social development.
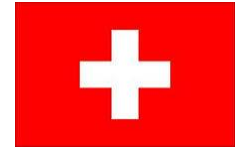
With a rural population of around 70%, and an area of 677,000 square kilometers, expanding access to communications and connectivity represents a huge challenge.

10%
of the Myanmar population owns a mobile phone

1%
has access to the internet

7.29 Mbps
internet speed in Mexico
(105th out of 191 countries)
(Ookla 2014)

Connecting education in Switzerland

At the end of 2013 Switch chose ECI to upgrade its network. Switch was the first Internet provider in Switzerland 25 years ago. Today Switch develops internet services for lecturers, researchers and students, connecting all universities in the country. The organization operates its own high-speed fiber-optic network connecting all Swiss universities and major national and international research institutions in Switzerland for the dependable exchange of data. Switch's new country wide DWDM network, based on the Apollo family of Optimized Multi-Layer Transport (OMLT) platforms will offer both 10G and 100G connectivity to universities and educational institutes in the country.

Research networks are an important tool in advancing research and education. Connecting universities and academic institutions enables knowledge-sharing and simplifies collaboration between researchers at different organizations.

ECI has also installed a network to provide services for the German Research Network (DFN-Verein) connecting over 750 universities and research institutes in Germany for with a network spanning more than 11,000km. This is one of the largest and most powerful research networks worldwide with 100G connectivity.

SWITCH

Switzerland
8 million
population (2014)
84.2%
internet users
130%
mobile phone penetration
48.94 Mbps
internet speed (7th of 191 countries)

Collaboration for 1 terabit

ECI Telecom is at the forefront of groundbreaking research and innovation to lead markets to the fastest possible capabilities available: 1 terabit. In early 2014, we successfully demonstrated 1 terabit transceiver transmission in a trial performed with the German Research Network (DFN-Verein) optical network. The trial took place at Dresden Technical University.

The DFN-Verein has been a customer of ECI Telecom for several years, and in 2012, adopted our optical multi-layer transport platform, Apollo, and a subsequent upgrade of the network in 2013 to enable 100G connectivity, connecting over 750 universities and research institutes in Germany, transforming research capabilities.

The 1 terabit trial was conducted as part of the Tera Santa Consortium program where we are members. The Tera Santa Consortium initiative is funded by the Israeli Chief Scientist Office, as part of its Magnet program. Established in 2011, the consortium brings together industry and academic experts to develop the world's most advanced optical transceiver and develop technology that enables 1 terabit transmission capabilities.

As data traffic continues to increase and expand its application on many different aspects of our lives, 1 terabit demand will soon be a reality for many of our customers. New technologies required for 1 terabit transmission still need to be perfected and require high-end expertise across different sector players. With the Tera Santa Consortium trial in 2014, we have proven this can be done.

"

By combining the expertise of both industry and academia, the Tera Santa Consortium brings the ideal blend of skills and cross-functionality for a holistic approach to guarantee the success of this project.

"

**Shai Stein
Chairman of the Tera Santa Consortium
CTO, ECI Telecom**

Breakthrough collaborative innovation

We believe that participation in cross industry consortia benefits both ECI Telecom and the industry as a whole. Over the years we have participated in many consortia, helping to develop many technologies and solutions that have been put to commercial use, to the ultimate benefit of telecommunications consumers. In the last year, we were involved in four consortia:

- ## Tera Santa

- ## Neptune

- ## ISG

- ## Net-HD

All four consortia are supported by the Office of the Chief Scientist of the Israeli Ministry of Industry, Trade and Labor.

Israeli Smart Grid Consortium

The ISG Consortium advances research and development of next-generation unified Smart Grid monitor and control with communication networks for electrical companies. The ISG consortium focuses on the smart grid of the future, addressing all issues related to communication networks and monitoring and control of energy transmission, distribution and generation. ISG has completed three years of research and has been approved for an additional two year period ending in 2016.

**Net-HD consortium
Networking HDTV from the Open Internet**

In April 2014, the Net-HD consortium successfully completed 5 years of research and development of technologies to allow delivery of Over The Top high quality video on existing telecom infrastructure. Technologies include video adaptation, multi-layer caching and peer-to-peer. As part of the research, the consortium dealt with Video On Demand and live Internet video. The current infrastructure is not suited to simultaneous transmission of VOD or live events to millions of people, with multiple dedicated streams of data causing internet congestion. The consortium aimed to change this and proved that it is possible to increase bandwidth 1000-fold with existing networks in a demonstration environment.

SDN – the future of communication networks

AT ECI Telecom, we have been aligning our technologies to provide full SDN capabilities for our customers. SDN is now widely recognized as the future of communications networks and provides breakthrough capabilities for utilization of a greater variety of network capabilities and applications in real-time.

SDN refers to a network infrastructure where the network control is decoupled from the network elements. The technology provides operators with increased flexibility and performance along with simplified operations. The SDN concept gives network operators better control of their infrastructure, allowing optimization and customization, increasing service deployment velocity and thereby reducing the operational and capital costs. SDN is increasingly power-efficient. All in all, SDN benefits accessibility and connectivity in the most efficient ways possible to date.

We have developed SDN applications to increase network flexibility through "bandwidth on demand" capabilities. Applications include network scheduling that guarantees network resources using a pre-booking system, network analytics, network programming, congestion control and power optimization that saves power use by turning off network components not in use.

As part of our commitment to SDN we initiated the Neptune consortium which has been approved by the Chief Scientist of Israel and will commence work in mid-2014. The aim of the consortium, that brings together several Israeli companies and universities, is to explore generic technologies for network programing and network optimization based on evolving technologies. This will move telecom networking from the world of hardware boxes to the world of software solutions allowing for the fast introduction of new services, real-time network resource optimization and utilization, and cost reduction.

ECI Telecom's SmartLight Framework - our concept for future networks; our SDN solutions utilize our Apollo, NPT and core Lightsoft technology.
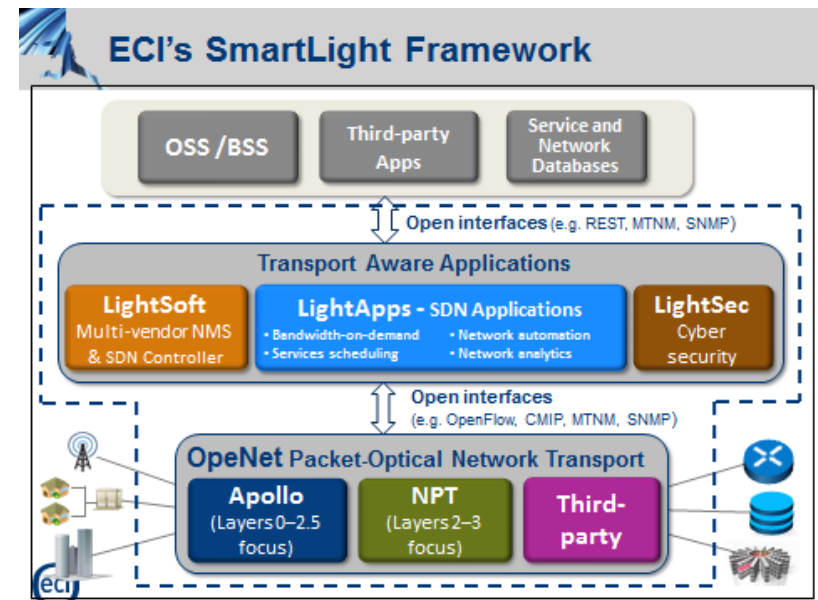
Innovation

Innovation is the heart of our business development and resource efficiency strategy. We maintain company-wide efforts to encourage an innovation culture. In 2013, we established an innovation committee, held an innovation event and promoted innovation learning, engaging employees and reinforcing innovation as a way of doing business.

Innovation Event – iEvent

This event was designed to encourage employee idea generation, making innovation a central part of the workplace activity. Employees were encouraged to offer their ideas and the top ten ideas were selected as the most promising out of more than a hundred and eighty ideas received. In a full day event for all employees, the ten finalists presented their ideas. Three winners were chosen by the innovation committee, and two ideas are already in a patent registration process. A third idea has been incorporated into our roadmap.

Learning Organization - iLearning

We held a series of lectures on new trends in technology, by industry experts. This program was designed to encourage innovation, provide inspiration and to help employees realize that the network communication world is constantly dynamic and requires new levels of thinking and development.

Customer Loyalty and Satisfaction

At ECI Telecom, we are committed to providing the best-in-class solutions and services for our customers. We demonstrate our commitment to our customers by listening to their needs and investing our resources to develop the best solutions with the most advanced network technologies. In addition to our regular business meetings and reviews with our customers, and our work with them to install our networks and provide service support, we regularly ask our customers about their satisfaction with the quality of our services and solutions.

Our most recent global customer survey was performed in 2012 and demonstrated an improvement in our Customer Loyalty Index (overall result in 2012: 91.6%) In 2013, we focused on improving our customer experience and developed a suite of improved solutions for optimal customer experience.

Two way communication tool

In 2013, we updated our customer communications tool to enhance the customer experience. This tool, which updates our customers on progress of projects and repairs, is a two way communications tool. This means our customers can input feedback, allowing us to address their requests real-time.

Voice of the Customer

In 2013, we created a system to help us know how our customers genuinely view our service. This system is based on feedback from different sources including our periodic customer experience survey, surveys carried out after any major service intervention, training session or incident at our customer network, our customer complaints system and other sources. By monitoring and aggregating results across systems, we obtain a complete picture of how we have served customers and how we can improve.

Tech Talk

With service teams based around the world, knowledge management is critical to our ability to provide the best service to our customers. Tech Talk is our social network for our service teams worldwide with chat capabilities allowing team members to consult international colleagues in real time. A high power search engine gives quick access to relevant files and reports, so that our team has a world of ECI knowledge at their fingertips and customers everywhere get the best and fastest service.

New customer experience survey

In 2013, we updated our customer experience survey process and in early 2014, we began our next survey in the new format. The survey will be conducted by Ipsos, a world leader in market research, and will include online surveys of all customers and in-depth interviews with some customers. The new process should provide us with a more complete view of total customer experience. This knowledge will help us to improve our service and products for the benefit of our customers.

Service in the field

FIFA in Costa Rica

In early 2014, Costa Rica hosted the FIFA Under 17's Women's World Cup, and the event attracted record spectator levels with over 284,320 spectators attending the 32 matches. For Costa Rica, becoming the first Central American country to host a World Cup was a source of national pride.

A key customer in Costa Rica is ICE Telecommunications, the largest national telecommunications company owned by the ICE Group. Naturally, ICE Telecommunications wanted to ensure the big FIFA match would be supported with top quality connectivity, in anticipation of the need to secure communications for the media and of big spectator crowds, creating unprecedented demand on the system during match times.

Fast on our feet and committed to finding a solution for ICE, we developed a portable communications station that provided increased connectivity for spectators and the media. This innovative idea proved to be a great success and ICE was able to provide uninterrupted service in the stadium area at match time, proving themselves to be worthy of the honor of hosting a World Cup event.

Flaminia Simonetti (L) of Italy and Silvia Merida (R) of Spain battle for the ball during the FIFA U-17 Women's World Cup 2014 semi final match between Italy and Spain at Edgardo Baltodano Briceno on March 31, 2014 in Liberia, Costa Rica. (Photo by Martin Rose - FIFA/FIFA via Getty Images) via fifa.com.

Photo credit: Yael Ashuach, ECI Telecom, Israel

We rely on a network of partnerships, affiliations and associations that support and complement our activities.

The three core networks we rely on every day include:

1 **our employee network** - a company-wide partnership to achieve shared objectives;

2 **our supply network** of trusted suppliers who engage with us to deliver the most advanced solutions to our customers; and

3 **The communities where we operate,** who rely on us to be a good corporate citizen and contribute to the empowerment of society while caring for our environment.

Everywhere we operate, we create a level of positive economic impact, directly through the people we employ, the taxes we pay and the local business we generate.

This section of our report describes our impact and performance in these areas during the last year.

NETWORKS

- Advancing partnerships with suppliers
- Engaging and supporting employees
- Supporting our communities

1,730

ECI Telecom employees in

21

countries in 2013

Applicable G4 Guidelines Disclosures

| G4- EC9 | G4- EN32 | G4- HR10 | G4- SO1 |
| G4- LA6 | G4- LA10 | G4- LA11 | G4- LA14 |

Our employee network

Our role in society includes a responsibility to the people who make our performance possible – our employees. Supporting our employees assures our business continuity and enables us to provide outstanding customer service. We maintain a values-based, respectful, safe and empowering working environment, in which our employees enjoy equal opportunity to develop in line with our business expansion and growth. We honor the right of our employees to a responsible workplace and support them in several ways.

Training and development:

In 2013, we completed multiple training and professional development programs for managers at all levels. These included a program to develop the skills of first-line managers as they take on new roles and a mentoring program for middle managers with senior managers, including our CEO, who volunteered to participate in the program and received mentoring training. For senior managers, we ran a two-day workshop using the Seven Habits of Highly Effective People framework developed by Stephen Covey.

Performance feedback:

We encourage all employees to participate in a formal annual performance review that evaluates their contribution and identifies areas for further personal and professional development. In 2013, 87% of our employees worldwide participated in a performance review.

We compensate our employees fairly and in line with competitive market standards for salaries and benefits, and maintain an equal ratio of salary levels by gender for similar work.

We respect the rights of employees to equal opportunity, non-discrimination and freedom of association and encourage our employees to be proactive in realizing all opportunities within the ECI Telecom workplace. This includes advancing a culture of diversity and inclusion where all individuals can play a full and constructive role.

We respect employee privacy and observe a strict information security policy. We do not share employee personal information with any third party unless required to do so by law.

We provide employees with details of their terms and conditions of employment and a contract with details of employee entitlements, working hours and conditions prior to the commencement of employment.

We do not employ children in any of our operations around the world, and we forbid any form of compulsory or forced labor in line with International Labor Conventions.

We provide employees with feedback about their performance and work with them to identify opportunities to improve, and recognize outstanding performance.

We encourage our employees to be conscious of the needs of the communities where we operate and our impact on the environment, and take part in the ECI Telecom's programs for community volunteering and environmental stewardship.

We invest in development opportunities through learning and job-experience opportunities and encourage employees to play an active role in their own development.
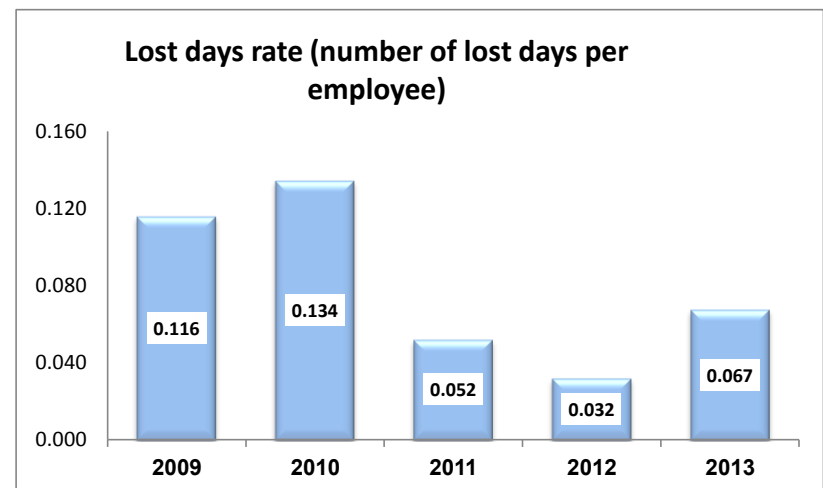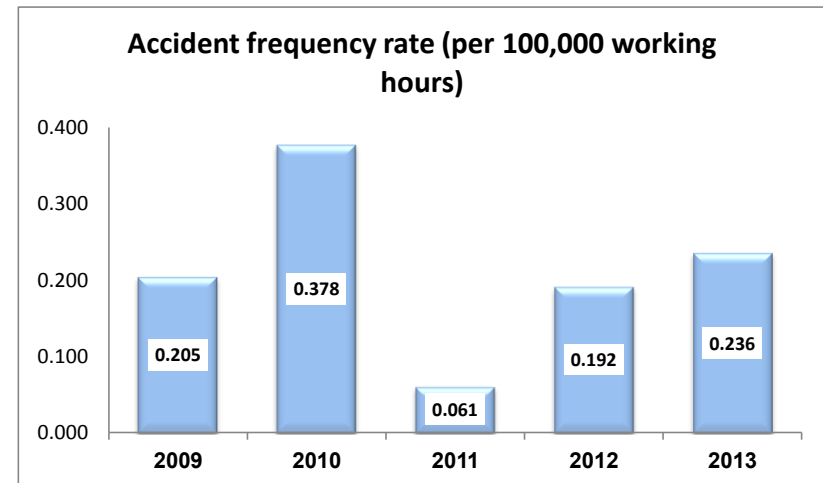
Health and safety

We uphold the right of employees to a safe working environment. We maintain policies, practices and processes that ensure compliance to applicable laws, regulations and accepted industry standards.

We are certified to OHSAS 18001 and undergo regular external audits for re-certification. In 2013, 3 external audits and 8 internal audits were performed. In all of these safety audits, 178 individual inspection points were reviewed and 34 corrective actions were identified. To date, 32 corrective actions have been completed. We maintain a continued emphasis on safety in the workplace with employee training in many different aspects of safe working and road safety.

We maintain a low injury frequency rate in general, demonstrating the effectiveness of our approach. However, in 2013, we experienced an increase of 23 percent in injury frequency. These were mainly due to road accidents, and we are addressing this with increased intensity in 2014. There were no fatalities in any of our operations worldwide.

In 2013 we focused on employee health using a number of initiatives aimed at raising awareness and encouraging employees to lead healthier lifestyles. These included an internet based Global Health Competition and Health Day 2013 at our main site in Israel. Attractions for Health Day included the gym team leading sports sessions throughout the offices, our traditional stairs race, lectures and health checks.

Note to safety data: Safety data refers to ECI Telecom in Israel where 56% of our employees are based. We do not maintain complete safety records in other locations, but no serious safety incidents were reported from these locations in 2013. Accident frequency rate is calculated on the basis of 2,200 working hours per annum.

Accident frequency rate (per 100,000 working hours)

Year	Rate
2009	0.205
2010	0.378
2011	0.061
2012	0.192
2013	0.236

Lost days rate (number of lost days per employee)

Year	Rate
2009	0.116
2010	0.134
2011	0.052
2012	0.032
2013	0.067

Our Supply Network

We operate a global supply network based on long-term partnerships with key suppliers with whom we have developed trusting relationships over several years, and who work with us in some cases on a turnkey basis. Our performance relies on the commitment of our supplier partners to our service and sustainability objectives and to a shared approach based on openness, trust and collaboration. We engage our strategic suppliers in planning and decision-making as part of our total network systems approach.

Responsible sourcing

All our supply contracts include reference to ECI's Code of Ethics and we encourage our suppliers to adopt this code in their own operations.

We maintain a Supplier Social Accountability Declaration, in line with the Social Accountability Standard SA8000.

Almost all suppliers have signed the Supplier Declaration and all new suppliers now do so as a contractual condition.

Supplier evaluation

In 2013, we continued to monitor key suppliers for ethical conduct, labor, safety, and environmental practices.

In 2013 we monitored 17 suppliers and conducted five supplier audits. Two suppliers were assessed as high risk due to excessive overtime hours, working conditions and environmental targets. These issues will be resolved in 2014.

Conflict minerals

We are committed to ensuring zero use of conflict minerals in our supply chain. We have requested information from our current metal suppliers concerning the origin of the metals used in the manufacture of products for ECI.

We follow procedures established by the Electronic Industry Citizenship Coalition (EICC) and by the Organization for Economic Cooperation and Development (OECD).

To date we have received feedback from around 25% of suppliers that confirm responsible sourcing of metals.

Product Quality

We are one of only ten Israeli companies to have received the highest available recognition, the Diamond Mark, from the Standards Institute of Israel (SII), Israel's official standards organization, for accreditation to seven leading quality standards. We were awarded the Diamond Mark in 2012 for the first time, and again in 2013. This award is made to companies that demonstrate business excellence and quality leadership.

We maintain a range of quality certifications in our own operations and require these of our suppliers in many cases. These are:

ISO 9001
Quality Management Systems
General quality standard, focused on processes to meet customer expectations and to create continuous improvement in services and solutions quality.

TL 9000
Quality Management Systems for the Telecom Industry
An extension of the ISO 9001, specifically designed for the telecom sector. Provides tools for managing and controlling quality and measurements for benchmarking by our customers.
.

OHSAS 18001
Occupational Health and Safety Assessment Series
Ensures a safe and healthy working environment and processes for manufacturing products which are safe for use.

SA 8000
Social Accountability Management Systems
Guarantees the preservation of basic human and employee rights throughout our operations.

ISO 14001
Environmental Management Systems
Establishes requirements for environmentally-friendly products and processes from manufacturing to use of the products and provision of services throughout our supply network.

BS 25999
Business Continuity Management Systems
Ensures continuous business activities during emergency incidents, protecting our customer interests as well as our business priorities, ensuring continuous service availability in case of major disruption in day-to-day operation.

ISO 17025
Laboratories Certification
Sets general requirements for the compliance of testing and qualification laboratories.

ISO 27001
Information Security Management Systems
Ensures quality information security within the company, and between ECI Telecom and our customers and suppliers.

Supporting communities in our network

We maintain a Community Investment Policy to inspire our employees to get involved in supporting the communities where we operate. The aim of our policy is empowerment of the underprivileged population. Around the world, our employees at different locations are attentive to local needs and align their involvement accordingly. We encourage ECI Telecom employees and their families to volunteer in community activities which support our policy and are in line with their interests, availability, and capability. We enable employees to volunteer during paid working hours and recognize volunteers for the contribution they make. In 2013, employee volunteering totaled 6,432 hours in our main operating locations in Israel, with 1,042 employees taking part.

In Israel, where we have the most employees, we partner with a range of not-for-profit organizations to deliver the most effective social investment programs, taking into account community needs, and executing programs using our facilities, resources, and employees. Our activities include community empowerment, education and support for youth advancement. Some examples are shown below:

Mentoring students by employees in the "Young Entrepreneurs Doing Business" program which encourages young people to get to know more about business entrepreneurship and develop skills in a practical way, including the setting up of a mini-company.

Helping schoolchildren make progress with our annual program of adopting a class of fourth grade children who visit our offices for weekly reading sessions with ECI volunteers. We also provide assistance in mathematics, English and Hebrew studies to fifth and sixth grade schoolchildren.

Inspiring youth by providing lessons in technological subjects at a local youth village in partnership with the Different Lesson Association, which matches managers in companies with the educational needs of youth, to provide inspiration and practical help.

Helping to reduce food waste and food insecurity by volunteering with Israel's National Foodbank, Leket Israel, by harvesting tons of nutritious food in agricultural fields, to be donated to the needy.

Breaking the glass ceiling: This program is designed to assist young girls from disadvantaged backgrounds and support them up to high school matriculation. The young girls visit ECI throughout the year and meet with managers in different roles to gain practical help as well as inspiration.

Global Good Deeds Day

Good Deeds Day was marked for the first time by ECI, Israel in 2012, with an event organized by ECI employees. On March 11, 2014, we took Good Deeds Day a step further and went global, inviting all our global sites to participate.

Good Deeds Day is a global event involving hundreds of thousands of volunteers in over 50 countries. Good Deeds Day encourages us all to do something good which can improve the lives of others and positively change the world.

In Israel, we raised around $7,000 in a fundraising event at our offices, involving all employees. This was donated to the Make-A-Wish Foundation in Israel that fulfills the wishes of children diagnosed with life threatening medical conditions.

Our global sites in India, Germany and the Russia Federation took part in Good Deeds Day with a range of activities including volunteering as firemen for the day, cake sales, donating blood and more.

In India, employees in the sales office collected $1,800 which was donated to the Vandan Institute for Special Needs

Children and the MA Niketan orphanage. ECI employees visited the children at the Vandan Institute. At the MA Niketan orphanage, ECI employees spent time with the children (aged 3 – 15 years) and brought gifts.

Peter Doleschal, ECI Germany, volunteering as a firefighter

ECI Telecom volunteers in Israel selling cakes for charity on Good Deeds Day

Staff members giving gifts to orphans at MA Niketan orphanage. ECI, India.

Photo credit: Ramnath Kamat, ECI Telecom, India

Efficiency

Resource efficiency is the key to sustainable connectivity. The environmental impacts of growing broadband accessibility and use can be mitigated through improved network infrastructures which carry increased traffic with greater speeds.

In addition, the integration and compatibility of different network infrastructure which combine new technologies with existing networks enables avoidance of waste and resources in deploying new networks.

These are aspects which we take into account in our innovation processes and product design, with the objective of creating products which are most resource efficient when they are in use by our customers.

In addition, we also place great emphasis on the resource efficiency of our own operations that are required to manage our company, produce our network equipment and transport it to our customers via our supply network. We make every effort to minimize our own resource consumption, reduce waste and increase recycling.

EFFICIENCY

- Improving the resource efficiency of our products
- Reducing our energy consumption
- Reducing waste and increasing recycling

We have increased energy efficiency per employee by

15%

since 2012

Applicable G4 Guidelines Disclosures

G4- EN27	G4- EN3	G4- EN4
G4- EN23	G4- EN5	G4- EN6

Increasing resource efficiency of our products

We have focused on improving the energy efficiency of our products. Our Apollo and NPT products are much more efficient than the previous generation products they replaced. We estimate energy savings to range from 20 to 40%, depending upon the exact configuration of the product. We include energy efficiency considerations in the design stage of our products to maximize use-phase efficiency and minimize energy wastage. Increasingly, we have been integrating functionalities to deliver products that combine several capabilities.

Some ways we have improved environmental aspects of our product design:

We reduced the number of electronic chips included in the design of different products through enhanced integration and improved utilization of chips.

We use an auto sleep mode facility to send idle sections of the network into low or zero energy consumption while idle. Fast recovery mode enables immediate availability for use when required.

We select electronic chips designed to offer best power optimization.

We use temperature sensors that control the speed of fans installed in our products, modifying fan speed according to actual energy requirements, avoiding unnecessary power use.

Energy consumption

Since 2008, we have more than halved our absolute energy consumption. This includes a significant reduction of 31% in 2013, achieved through ongoing focus on efficient practices, equipment replacement and closure of one office facility in Israel. We also began a process of laboratory consolidation which will continue in 2014. During the past three years, this translates to a 14 percent reduction in energy consumption on a per employee basis.
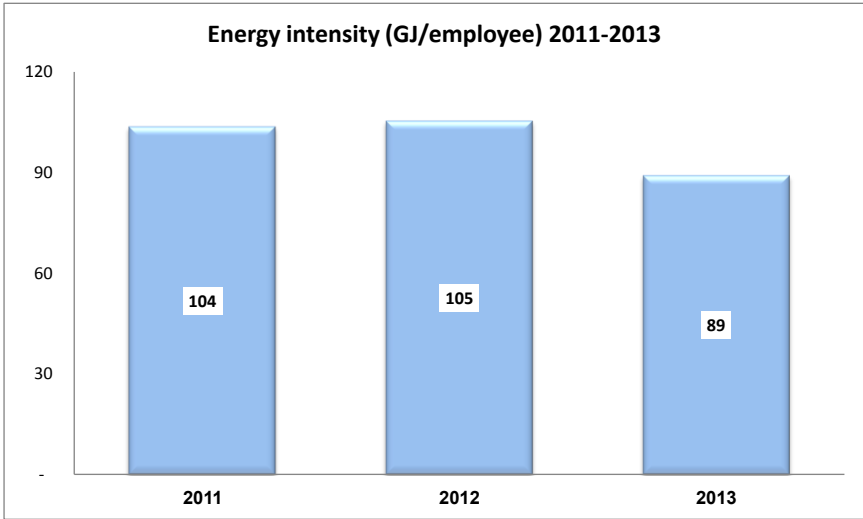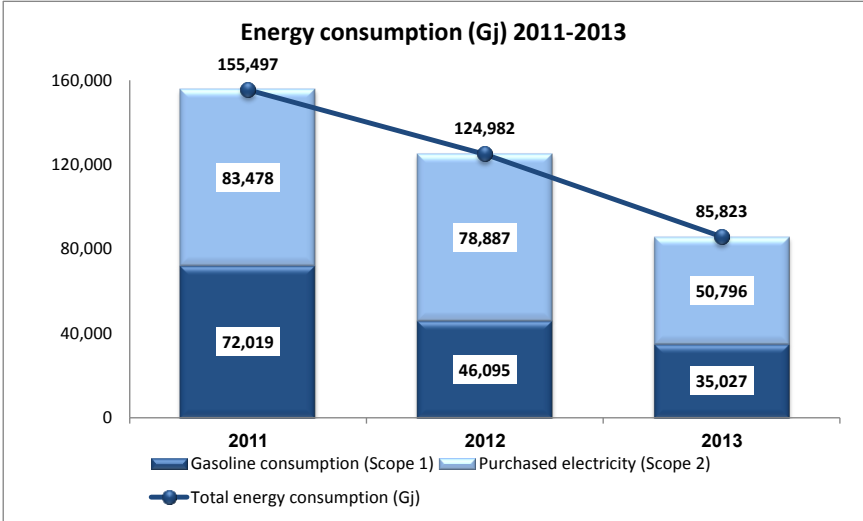
In October 2013, we performed an overhaul of our cooling system, improving insulation and replacing our air conditioning chiller unit with an air conditioning unit that is 40% more efficient. Additionally, we upgraded our compressor control system to enable separate activation of our two cooling systems separately, allowing us to save energy at times when both systems are not required.

Notes to energy data:

Our energy consumption includes purchased electricity for heating, cooling and office activities and gasoline for our employee transportation. We do not use non-renewable energy sources.

Energy intensity data is based on Scope 1 and 2 energy consumption.

Data refers to operations in Israel only.

Energy consumption (Gj) 2011-2013

- 2011: Gasoline 72,019; Electricity 83,478; Total 155,497
- 2012: Gasoline 46,095; Electricity 78,887; Total 124,982
- 2013: Gasoline 35,027; Electricity 50,796; Total 85,823

Energy intensity (GJ/employee) 2011-2013

- 2011: 104
- 2012: 105
- 2013: 89

Carbon emissions

Since 2011, our Scope 1 and 2 CO2 emissions have reduced by 44 percent. Also, we have reduced our Scope 3 emissions from business air travel by 56 percent. In 2013, we achieved a reduction in Scope 1 and 2 emissions of 39 percent, a direct result of becoming more energy efficient, especially in electricity consumption.
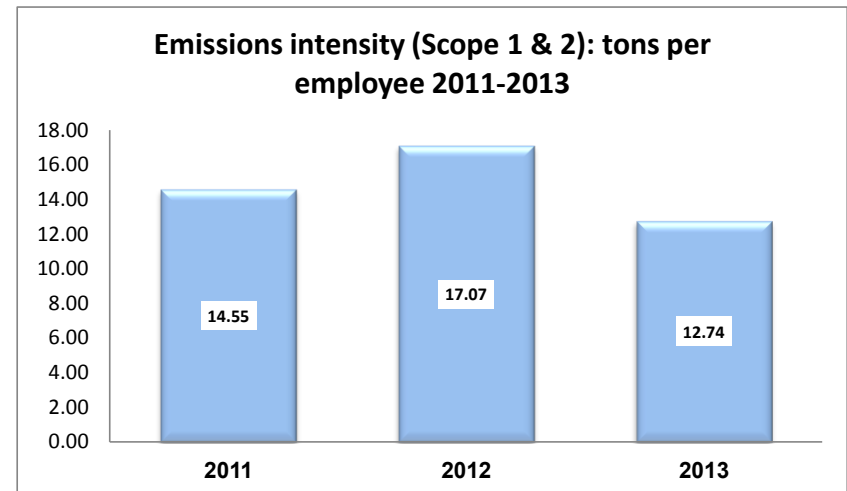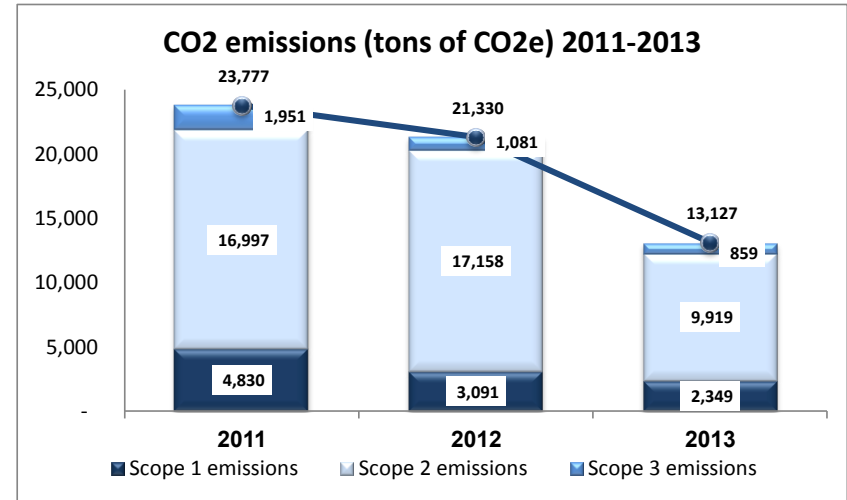
Fuel emission reductions were achieved by reducing the number of employee vehicles and by reducing distances traveled per vehicle through a new system of fuel allocation giving employees greater accountability. We have also introduced a carpooling system for employees that enables employees who commute from the same area to organize carpooling using a simple search system via our corporate intranet.

To address Scope 3 emissions, we changed our business travel guidelines and all flights must now be pre-approved by senior management.

Our main source of carbon emissions comes from the electricity we use to power our office buildings. Fuel used in employee cars has a smaller impact on our emissions. Since mid-2010, we have also been measuring our business air travel emissions.

Notes to emissions data:
- All charts relate to data for Israel only.
- Emissions data has been revised since 2012 due to a change in reporting methodologies.
- Scope 1 emissions are now reported according to DEFRA 2013 emissions factors.
- Scope 2 emissions have been revised to reflect updated emissions factors from the Israel Electricity Company.
- Scope 3 emissions are calculated using International Civil Aviation Organization emissions factors.

CO2 emissions (tons of CO2e) 2011-2013

Year	Scope 1 emissions	Scope 2 emissions	Scope 3 emissions	Total
2011	4,830	16,997	1,951	23,777
2012	3,091	17,158	1,081	21,330
2013	2,349	9,919	859	13,127

Emissions intensity (Scope 1 & 2): tons per employee 2011-2013

| Year	Value
2011	14.55
2012	17.07
2013	12.74

Waste management

Waste generated at our facilities includes batteries and other organic waste that is sent to landfill and electronics, metals, cardboard, paper and plastics that is recycled.

Since 2008 we have reduced waste levels by almost 75%. In 2013, we record an increase in waste to landfill due to construction waste resulting from the closure of one of our facilities. All electronic equipment from this facility was transferred to our remaining site, donated or recycled, but remaining waste was sent to landfill. In 2013, we achieved the lowest level of recyclable waste by reducing paper use through employee awareness campaigns and using lighter weight cardboard for product packaging. We introduced longer replacement times for electronic equipment thereby reducing electronic waste.

Notes to waste data: We have included paper and cardboard recycling data retroactively since 2011, not previously reported. Small amounts of organic waste are also generated in our staff dining facilities. This is not measured. Data is for Israel only.
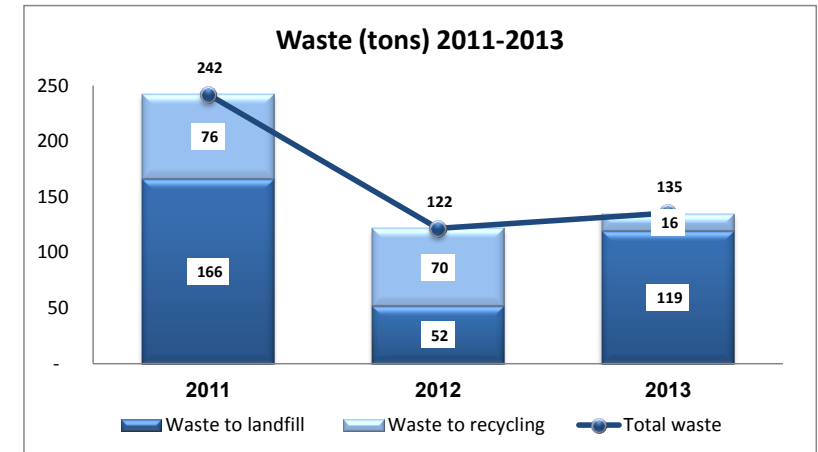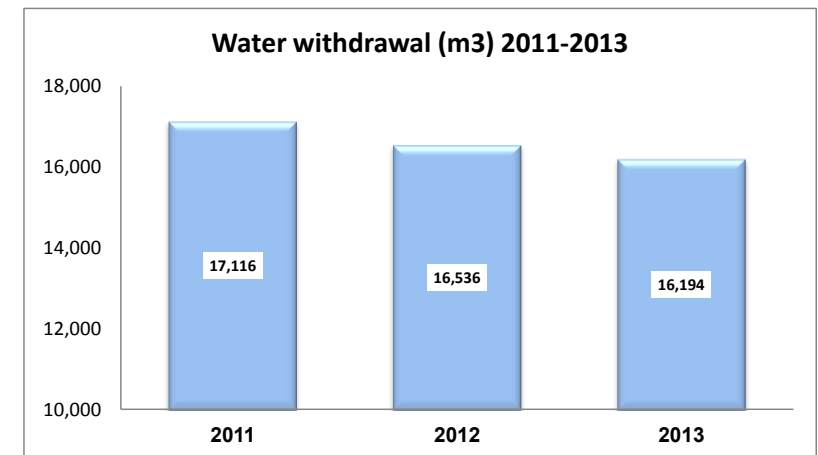
Water consumption

We have reduced our water consumption by 19 percent since 2008. This includes a reduction of 2 percent in 2013, achieved through water-saving behaviors by employees and installation of water efficient hygiene equipment in bathrooms, such as half-flush toilets. We also recycle the water from our air conditioning units for gardening purposes.

All of our water comes from municipal sources and is mainly used for domestic purposes and some gardening.

Data is for Israel only.

Waste (tons) 2011-2013

Year	Waste to landfill	Waste to recycling	Total waste
2011	166	76	242
2012	52	70	122
2013	119	16	135

Water withdrawal (m3) 2011-2013

Year	m3
2011	17,116
2012	16,536
2013	16,194

Reducing transportation emissions

In 2013, we improved our environmental impact through changes in the product repair services.

Our service to customers includes the collection, transportation, repair and return to customer for all products in need of repair or modifications. To date, repairs were performed only by our operations in Israel. With almost 2,000 repairs each month, our total annual shipment weight was around 200 tons, transported entirely by air to ensure speed of service.

In an effort to minimize our carbon footprint, in 2013, we trained local service providers in India, Brazil and the UK to repair our parts. These vendors now deal with 80 percent of our repairs.

This provides customers with a much faster turnaround of repaired parts and saves an estimated 1,700 tons of CO2e emissions annually.

Environmental standards

The standards and regulations we adhere to reflect our precautionary approach and responsible environmental practice, and are designed to meet customer and regulatory needs, as well as minimize waste and inefficiency in our supply network.

In addition to environmental quality standards, we comply with all applicable regulations and directives. ECI Telecom suppliers are required to adhere to these standards and directives as a minimum condition of supply. Key standards we observe are:

- **REACH (Registration, Evaluation, Authorization and Restriction of Chemicals):** REACH is a European Union regulation concerning the use and registration of chemicals. It applies to substances manufactured or imported into the EU. We are fully compliant with REACH legislation.

- **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. We comply with this directive for all our products, even those that target geographies where such regulation is not in force.

- **WEEE (Waste Electrical and Electronic Equipment):** The European Union's WEEE directive 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 from all their manufactured or marketed electrical and electronic equipment. We also comply with this directive for all our products, even those that target geographies where such regulation is not in force.

Photo credit: Ronen Rabani, ECI Telecom, Israel

Our corporate Code of Ethics

Our Code of Ethics defines how ECI Telecom employees comply with all laws and regulations in the countries in which we do business, with uncompromising standards of ethical behavior. All employees confirm to abide by ECI Telecom's Code of Ethics when joining the Company and receive detailed training about its content and requirements through a specially created online module which requires confirmation of understanding and agreement upon completion.

Our 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 our external website in English for all stakeholders.

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. We make every effort to investigate all issues reported, including those reported anonymously, and encourage employees to speak out without fear of reprisal.

An Ethics Council, established in 2010 to oversee our ethical performance, continues to meet regularly to ensure communications and training in ethical principles, and deal with ethical issues as they arise.

INTEGRITY

- **Ethics**
- **Governance**
- **Transparency**

ECI Telecom
Corporate Code of Ethics
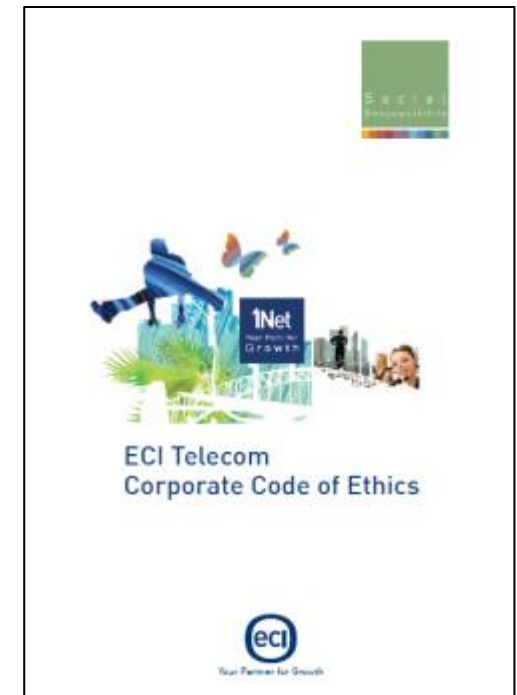
Our Commitment to Human Rights

In 2012, we reviewed all our different commitments to upholding human rights both in our workplace and in our wider network of business partners and suppliers, and all those with whom we interact. We formulated a new Human Rights Commitment which summarizes our approach in all matters relating to human rights and communicated this widely to our employees.

Our human rights statement is available for download on our website at:

http://www.ecitele.com/abouteci/CorpResp/Pages/Corporate-Governance.aspx

Our Commitment to Human Rights

Respecting Human Rights at ECI Telecom is a core value. Our business activities touch the lives of people around the globe in many ways, and we take care to conduct our business responsibly according to the highest ethical standards, which encompass respect for all human beings, and acknowledgement of their rights. We do everything within our power to uphold and protect such rights.

ECI Telecom maintains five core expressions of our commitment as a Company and as individuals to Human Rights:

- Our core values
- Our corporate Code of Ethics
- Our participation in the United Nations' Global Compact initiative
- Our Platinum award in Israel's Maala Social Responsibility Ranking
- Our standards, policies and procedures regarding corporate responsibility

This document compiles ECI's policies, statements and commitment to upholding Human Rights.

More information can be found on our website: www.ecitele.com

Feedback to ECI:

We welcome feedback and queries from any sources on our commitment to Human Rights and related policies. Please send us your feedback, queries or concerns through the contact form on our website: http://www.ecitele.com/abouteci/Profile/Pages/Offices.aspx

We treat all feedback seriously as this helps us become a better company.

ECI Telecom
Israel, June 2012

Governance and compliance

As a privately-owned company, we maintain the highest standards of corporate governance and our Board of Directors is actively engaged in ensuring that strategy, risk management and operational controls are appropriately addressed in our business at all times. We observe all applicable laws and regulations wherever we operate. Our regular internal and third party audits ensure that we maintain strictest attention to compliance with laws and regulations.

Our Board of Directors is composed of two male members, all of whom are non-executive and non-independent. The Chairman of the Board is Mr. Ady Marom, a member of the Swarth Group. The Board of Directors maintains one Board Committee, the Remuneration Committee, composed of two members of the Board. The purpose of this committee is to govern the administration of executive compensation and associated benefits and options, and management of the option program within the company.

Sustainability management

Our Head of Quality Management leads our overall sustainability strategy and action plans. We present comprehensive internal reports for our Executive Management Team twice a year.

At these meetings, performance is assessed and future plans are agreed.

In addition to our corporate team, additional teams advance specific sustainability activities, and local teams in operating locations around the world support employee education, communication and implementation of responsible business and sustainability strategy.

Our Executive Management Team

EXECUTIVE TEAM

DARRYL EDWARDS
President and Chief Executive Officer

HEZI BASOK
Head of Global Business Operations

ADI BILDNER
Head of Global Human Resources

GIORA BITAN
Chief Financial Officer

ERAN DARIEL
General Manager, Portfolio Business

SORIN LUPU
Head of Sales and Marketing

TALI ROSENWAKS
Head of Global R&D and Engineering

BOAZ YARDENI
Head of Global Services Division

ARNIE TARAGIN
General Counsel

Our Sustainability Management Structure

Participation in the United Nations Global Compact

ECI Telecom confirmed participation in the United Nations Global Compact in 2002, and from 2010, has published an annual Communication on Progress, detailing the ways in which we uphold the Global Compact Principles. Our previous Communications on Progress can be viewed on our website (www.ecitele.com/abouteci/CorpResp/Pages/Corporate-Governance.aspx) or on the UN Global Compact website (www.unglobalcompact.org). This report is our fifth Communication on Progress, and for the third year in a row, we have gone beyond the minimum requirements of the UN Global Compact and produced a full GRI-based Sustainability Report. For more about our commitments to the UN Global Compact, see page 56.

Our Platinum Award in the Maala Social Responsibility Ranking

In support of our commitment to ethical practices and to ensure our conduct aligns with best practices among leading companies, we participate in the Maala Social Responsibility Ranking in Israel. Maala is a not-for-profit organization promoting corporate social responsibility in Israel. It compiles an annual ranking based on self-declared performance of companies in five areas: ethics, responsible workplace, community investment, governance and environmental protection. Large, public and private companies representing over 50% of business in Israel participate in this ranking. We have participated since 2004, and from 2008, have been rated at the highest level, Platinum. In 2013, we were awarded the highest possible new ranking, Platinum Plus.

Operational Transparency

Since March 2008, we reported to E-TASC (Electronic Tool for Accountable Supply Chains), This is a web-based electronic tracking system for environment, labor, health, safety and ethics-related practices. Subscribing customers are able to view our progress online, enabling our customers to assess our performance on social and environmental issues. In 2013, for the sixth successive year, we improved our performance, achieving a score of 97.6%. From 2014, at the request of our customers, we have ceased to report to E-TASC, and started reporting to EcoVadis, an internationally recognized supplier evaluation and accreditation sustainable development platform. We will report on EcoVadis scores in future reports.
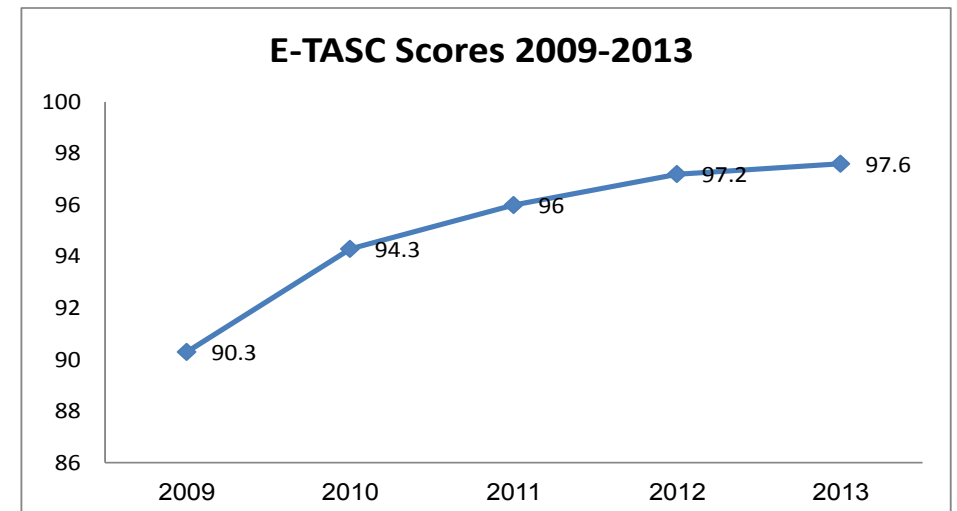
E-TASC Scores 2009-2013

Year	Score
2009	90.3
2010	94.3
2011	96
2012	97.2
2013	97.6

Photo credit: Ronny Gamliel, ECI Telecom, Israel

GRI G4 Content Index: General Standard Disclosures

G4	General Standard Disclosure	Response / Page / Link	External Assurance
STRATEGY AND ANALYSIS			
G4-1	CEO statement	**Page 6.**	
ORGANIZATIONAL PROFILE			
G4-3	Name of reporting organization.	ECI Telecom Ltd.	
G4-4	Products.	Innovative network solutions and advanced professional services. See our website for Solutions, Products and Services: http://www.ecitele.com/OurOffering/Pages/Default.aspx	
G4-5	HQ location.	Israel	
G4-6	Countries of operation.	Headquarters in Israel, R&D centers in China, India and Israel.	
G4-7	Legal form.	ECI Telecom Ltd is a private company, wholly-owned by ECI Holding whose shares are held by the Swarth Group, a private equity company, and Ashmore Investment Management Ltd, one of the world's leading investment managers.	
G4-8	Markets served.	We maintain sales in over 25 countries. See all our global offices on our website: www.ecitele.com/abouteci/Profile/Pages/Offices.aspx	
G4-9	Scale of the organization.	We serve over 250 customers, mainly wireline and wireless service providers worldwide, through an international sales force, local agents and resellers in over 25 regional sales and service centers and a network of resellers in over 70 countries. In 2013, we employed over 1,700 people in over 20 countries. As a private company, we do not disclose details of revenues or market capitalization.	
G4-10	Number of employees by employment contract and gender.	We report our full-time, permanent employees, worldwide, and report temporary and supervised employees for our Israel office only. See tables on **page** 49 for total employees by gender and by region. Full-time permanent employees are by far the majority of our workforce. At any given time, we employ small numbers of individuals on temporary contracts or as supervised employees at our different locations. There are no significant variations in or employee numbers due to seasonality.	
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	In 2013, 36 ECI Telecom employees in Israel were covered by collective bargaining agreements. This represents 4% of employees in Israel. This data is not available for employees in our global offices.	
G4-12	Describe the organization's supply chain.	**Page 9**: Included in the description of our value chain.	

G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	There were no significant changes during the reporting period, beyond routine restructuring for improved efficiency.	
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	We take a proactive approach to risk management with regard to climate change and environmental impacts and perform regular reviews of risks in our operations and supply chain.	
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	We support the Carbon Disclosure Project and submit our data to the CDP annually. We also adopt several ISO standards, including ISO14001, and other standards such as TL 9000 and OASHS 18001.	
G4-16	Memberships of associations.	We participate in the United National Global Compact and, in Israel, we are members of the not-for-profit organization, Maala and have participated in an annual CSR ranking since 2008.	
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	ECI Telecom Ltd and all local subsidiary offices are included in the organizations consolidated financial statements. These can be viewed on our website:http://www.ecitele.com/abouteci/Profile/Pages/Offices.aspx For the purpose of this report, we have focused our reporting of environmental data on our operations in Israel only, where almost 60% of our people are employed. Our offices in other countries are much smaller and use small amounts of electricity for office heating and cooling, and minimal amounts of vehicle fuel. Other indirect consumption (Scope 3) is not tracked in these countries at this point. For other data – Human Resources data – we include our global operations unless otherwise noted.	
G4-18	Process for defining the report content and the Aspect Boundaries.	**Page 12:** Priority Sustainability Issues. This report was informed by our material issues in a process which considered the principles for defining report content: materiality, stakeholder inclusiveness, sustainability context and completeness.	
G4-19	Material Aspects identified in the process for defining report content.	**Page 12:** Priority Sustainability Issues.	
G4-20	Aspect Boundary within the organization.	See table below – **page 50**. All Material Aspects apply across all the entities reported for our organization in all geographical locations.	
G4-21	Aspect Boundary outside the organization.		
G4-22	Restatements of information provided in previous reports.	Certain EHS data has been restated due to changing reporting methodologies and updated employee data.	
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	There are no significant changes from previous reporting periods in the Scope and Aspect Boundaries.	
STAKEHOLDER ENGAGEMENT			
G4-24	List of stakeholder groups engaged by the organization.	Our stakeholders include: owners, customers, employees, suppliers, governments and local communities in the locations where we operate. We maintain regular dialogue with stakeholders in order to understand their	

		needs and communicate with them transparently about our sustainability impacts and performance.	
G4-25	Basis for identification and selection of stakeholders with whom to engage.	The basis for identification and selection of stakeholders is based on our primary business interactions with employees, customers and suppliers. These are the groups with whom we interact on a daily basis and have the greatest impact on our business. In addition, we interact and engage with other stakeholders, including industry organizations and governmental authorities.	
G4-26	Approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group..	See details in table below – **page 51**. We did not undertake any specific external stakeholder engagement activities in the preparation of this report, as our ongoing interactions provide us with regular stakeholder feedback.	
G4-27	Report key topics and concerns that have been raised through stakeholder engagement.	The issues that our stakeholders raised are reflected in our material Aspects. See our response above to G4-26 for specific issues raised (**page 51**).	
REPORT PROFILE			
G4-28	Reporting period.	**Page 4:** About this report	
G4-29	Date of most recent previous report (if any).	2012	
G4-30	Reporting cycle (such as annual, biennial).	**Page 4:** About this report	
G4-31	Contact point for questions regarding the report	**Page 4:** About this report	
G4-32	The 'in accordance' option the organization has chosen, the GRI Content Index and assurance.	**Page 4.** About this report. This report has not been externally assured.	
G4-33	Policy and current practice with regard to seeking external assurance for the report.	This report has not been verified by an independent third party, as we did not feel this would add value at this time. However, in developing information for this report, external consultants were invited to check all information provided. They visited our offices, reviewed documentation and interviewed around 30 managers in one-on-one discussions.	
GOVERNANCE			
G4-34	Governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	The Board of Directors of ECI Telecom is composed of two male members, all are non-executive and non-independent. The Chairman of the Board is Mr. Ady Marom, a member of the Swarth Group. The Board of Directors maintains one Board Committee, the Remuneration Committee, composed of two members of the Board, whose purpose is to govern the administration of executive compensation and associated benefits and options.	
ETHICS AND INTEGRITY			
G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	**Page 8**: Our Values **Page 41**: Our corporate Code of Ethics	

G4-10

Total number of employees	2011	2012	2013
Male	2,083	1,597	1,325
Female	588	465	405
Total employees	2,671	2,062	1,730

Total number of employees by contract (Israel only)	2013		
	Male	Female	Total
Permanent contract	720	238	958
Temporary contract	3	2	5
Total employees	723	240	963

Total number of employees by type (Israel only)	2013		
	Male	Female	Total
Full time	703	206	909
Part time	20	34	54
Total employees	723	240	963

Total workforce by employees and supervised workers and by gender	2012			2013		
	Male	Female	Total	Male	Female	Total
Employees	1,597	465	2,062	1,325	405	1,730
Supervised workers (Israel only)	9	4	13	63	16	79
Total employees and supervised workers	1,606	469	2,075	1,388	421	1,809

Total number of employees by region and gender	2012			2013			
	Male	Female	Total	Male	Female	Total	% of total employees
China	189	86	275	154	72	226	13%
India	292	44	336	260	38	298	17%
Israel	911	275	1,186	723	240	963	56%
Rest of world	205	60	265	188	55	243	14%
Total employees	1,597	465	2,062	1,325	405	1,730	100%
Percentage male - female	77%	23%		77%	23%		

G4-20 - G4-21 Aspect Boundaries

Material Aspect	Aspect	Internal	External
Supporting customer competitiveness	Indirect Economic Impacts	✔	✔
Innovation for improved performance	Product Responsibiilty	✔	✔
Expanding our market presence	Market Presence	✔	✔
Partnerships with suppliers	Supplier Environmental Assessment		✔
	Supplier Human Rights Assessment		✔
	Supplier Labor Practices Assessment		✔
	Procurement Practices		✔
Engaging and supporting employees	Occupational Health and Safety	✔	
Supporting our communities	LocalCommuniities	✔	✔
Resource efficiency of our products	Products and Services		✔
Reduce our energy consumption	Energy	✔	
Reducing waste and recycling	Effluents and Waste	✔	

G4-26

We make efforts to understand our stakeholders and be responsive to their needs. Our engagement practices are both formal and informal, and integrated into business planning on a regular basis. Through internal meetings and discussions, we analyze the feedback we receive from our stakeholders to distil the most significant issues that inform our sustainability programs. We engage with our primary stakeholders as detailed in the table below.

Our Engagement with our Key Stakeholders	
Owners	ECI Telecom's owners are represented on our Board of Directors. Through our Executive Management Team, they are involved in development of sustainable performance planning and updated on a regular basis at Board Meetings. The key issues raised by the Board of Directors are business expansion and sustainable profitable growth, expanding market presence and innovation.
Customers	Our customers drive our business strategy. They are major communications service providers, and many are leaders in sustainable performance and demand similar standards from ECI Telecom. We engage daily, weekly and monthly with customers to discuss business developments, product specifications and sustainable performance. We host our customers for discussions and audits of our operations. We reach out to new customers through participation in trade shows, conferences and industry meetings. We ensure that we are abreast of all regulatory requirements that our customers face and respond accordingly. The key issues raised by customers are innovation, product performance, reliability and service, and resource efficiency to positively impact on costs.
Employees	Our employees are the source of our success and ability to continue to deliver sustainable solutions. We engage our employees in developing sustainable solutions through strong internal communications programs, annual performance reviews, business updates, community volunteering, and informal conversations at all levels. Key issues raised by employees are job security, fair compensation and benefits, and opportunities to develop.
Suppliers	We maintain long-term partnership relationships with key suppliers who are critical to our ability to deliver sustainable bandwidth for our customers. Our most strategic suppliers are involved in our product development and implementation teams, and share in the decision-making process on many levels. Other suppliers are encouraged to offer suggestions for improvement and different ways of working in our monthly or quarterly discussions with them. Key issues raised by suppliers are requirements of ECI Telecom in relation to ethical performance, and assessments.
Government	We engage with government bodies in areas in which we work for the purposes of gaining the relevant authorizations for our business, and also in areas of research and development. Governments look to ECI Telecom to uphold the law and all local regulations and also collaborate in partnerships for sustainable development, where we possess the relevant expertise.
Local Communities	We recognize that we have a responsibility to make a difference in the local communities in which we operate through supporting local social and environmental causes and enabling and encouraging our employees to volunteer. We engage with social and environmental community partners as needed to advance joint programs of mutual interest. In general the expectations raised by community partners relate to the level of our investment and involvement in supporting local communities.

GRI G4 Content Index: Specific Standard Disclosures

Material Aspects as listed in G4-19	DMA and Indicators	Indicator detail	Page / Link	Omissions	External Assurance
CATEGORY: ECONOMIC					
Market Presence	G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	Approximately70% of our most senior managers in our global operations are locally hired. This includes our operations in Israel, India, China, and the U.S. and other key locations in European and Americas.		None
Indirect Economic Impacts	G4-EC8	Indirect economic impacts	Several examples reported in the section entitled Accessibility, starting on **page 14.**		
Procurement Practices	G4-EC9	Proportion of spending on local suppliers at significant locations of operation	In India, China and Israel we make most of our purchases of local requirements locally. We estimate this to be more than 80% of our purchases. Our outsourced manufacturers operate under turnkey conditions and make their own purchasing decisions. Local office and administrative purchases are all locally based.		
CATEGORY: ENVIRONMENT					
Energy	G4-EN3	Energy consumption (Scope 1+2)	**Page 36**		
	G4-EN4	Energy consumption outside of the organization	**Page 36**		
	G4-EN5	Energy intensity	**Page 36**		
	G4-EN6	Reduction of energy consumption	**Page 36**		
Water	G4-EN8	Water withdrawal by source	**Page 38**		
Emissions	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	**Page 37**		
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	**Page 37**		
	G4-EN18	Greenhouse gas (GHG) emissions intensity	**Page 37**		
Effluents and Waste	G4-EN23	Total weight of waste by type and disposal method	**Page 38**		
Products and Services	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	**Page 35**		
Supplier Environmental	G4-EN32	Percentage of new suppliers that were screened using environmental criteria	**Page 29**		

Assessment					
CATEGORY: SOCIAL. SUB CATEGORY : LABOR PRACTICES AND DECENT WORK					
Occupational Health and Safety	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	**Page 28**.	Data on absenteeism levels is not currently available.	
Training and Education	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	**Page 27**		
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	**Page 27**		
Supplier Labor Practices Assessment	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	**Page 29**		
CATEGORY: SOCIAL. SUB CATEGORY : HUMAN RIGHTS					
Local Communities	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	**Page 29**		
CATEGORY: SOCIAL. SUB CATEGORY : SOCIETY					
Local Communities	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	56%. This represents the percentage of employees in our operations in Israel where we have regular community involvement activities. Other ECI Telecom sites worldwide are small and have more sporadic community engagement activities.		
CATEGORY: SOCIAL. SUB CATEGORY : PRODUCT RESPONSIBILITY					
Product and Service Labeling	G4-PR5	Results of surveys measuring customer satisfaction	**Page 23**. This year we did not perform a customer satisfaction survey. Our next survey will be in 2014.		

UN Global Compact

This Sustainability Report serves as our fifth Communication on Progress and reflects our policies, practices, and performance with regard to responsible business practices. On behalf of ECI Telecom's Directors, Executive Management Team and employees around the world, I once again am pleased to commit to continuing our support for the ten universally accepted principles of responsible business. Our ongoing participation in the United Nations Global Compact, in support of broader global sustainability objectives, is one of the ways we demonstrate our commitment to responsible business practices. We maintain our commitment to providing an annual report to update stakeholders on our progress.

Darryl Edwards, President and CEO

THE GLOBAL COMPACT

WE SUPPORT

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

We welcome feedback on its contents.

UN Global Compact principles and GRI cross reference table

Principle	Global Compact Principles	GRI G4 Aspects / Disclosures	Our Commitment
1	Businesses should support and respect the protection of internationally proclaimed human rights.	• Human Rights Aspects	Respecting human rights at ECI is a core value. Our business activities touch the lives of people around the globe in many ways, and we take care to conduct our business responsibly according to the highest ethical standards, which encompass respect for all human beings, and acknowledgement of their rights. We do everything within our power to uphold such rights. Read our Commitment to Human Rights : http://www.ecitele.com/abouteci/CorpResp/Pages/Corporate-Governance.aspx We work with suppliers in our supply chain to ensure they are aware of our standards relating to human rights and encourage them to adopt similar standards.
2	Businesses should make sure that they are not complicit in human rights abuses.	• Human Rights Aspects • Local Communities Aspects	
3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	• G4-11 • Freedom of Association and Collective Bargaining Aspect • Labor/Management Relations Aspect	We respect the rights of employees to freedom of association and collective bargaining. We aim to maintain collaborative, open and positive relationship with employees and address issues relating to their rights in a positive manner.
4	Businesses should support the elimination of all forms of forced and compulsory labor.	• Forced and Compulsory Labor Aspect	We do not engage in any practice which could be construed as forced labor. All ECI employees are employed within the provisions of the law and employment contracts which are entered into of employees' own free will.
5	Businesses should support the effective abolition of child labor.	• Child Labor Aspect	We respect and support the rights of all children, and we are committed to preventing harm and actively safeguarding their interests. We do not employ children in any part of our business.
6	Businesses should support the elimination of discrimination in respect of employment and occupation.	• G4-10 • Labor Practices and Decent Work Aspects	We maintain a policy of equal opportunity and enjoy a high level of diversity among our workforce around the world. Recruitment and human resources policies are designed to nurture non-discriminatory practices for new and current employees in all matters relating to their employment with ECI Telecom.
7	Businesses should support a precautionary approach to environmental challenges.	• Environmental Aspects	ECI Telecom 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 infrastructure. We are committed to achieving high standards of environmental quality and have established, implemented, and maintained environmental and health & safety systems in line with the highest global standards available.
8	Businesses should undertake initiatives to promote greater environmental responsibility.	• Environmental Aspects	
9	Businesses should encourage the development and diffusion of environmentally friendly technologies.	• Environmental Aspects	
10	Businesses should work against corruption in all its forms, including extortion and bribery.	• Anti-Corruption Aspect • Public Policy Aspect	We are committed to behaving with integrity and act against all forms of corruption.

Photo credit: Gaby Naiman, ECI Telecom, Israel

Sustainable Connectivity around the Globe

Thank you for reading our Sustainability Report 2013

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