

UN Global Compact Communication on Progress

Commitment to Corporate Citizenship

December 2014



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Communication + Versatility Makes Us Comverse

Comverse is a leading global provider of carrier-grade cloud-based business solutions that enable communication service provider and enterprise success in the hyper-connected world through service innovation and smart monetization.

The company's proven and innovative product portfolio includes [Enterprise Monetization Solutions](#), [Digital Services Solutions](#) and [Communications BSS Solutions](#) – all backed by Managed Services. Comverse's extensive customer base spans more than 125 countries with solutions successfully delivered to over 450 communication service providers serving more than two billion subscribers.

Comverse's solutions are available in a variety of delivery models, including on-site, cloud, hosted/SaaS and managed services.

A Portfolio of Value

We enable communication service providers (CSP) and enterprise success in the connected world through Service Innovation & Smart Monetization.

Our rich portfolio underscores our strong value proposition for CSPs and enterprises around the globe: making networks smarter with productized and cost-effective solutions that enable operators and growing enterprises to leverage their network investment and externalize their value to their customers.

Comverse Global Services

Comverse Global Services safeguards our customers' success with an expansive range of Managed and Professional Services, enabling CSPs and enterprises to achieve and maintain speed, performance and optimal use of capital and resources.





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 2013 unless otherwise stated. This, our third annual COP report, replaces the previous report submitted in November 2013.

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, Comverse commits to ensuring our business activities are conducted in accordance with these principles and in a way that advances awareness and adherence around the world.

The Ten Principles of the Global Compact are:

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.

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.

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.

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

For more about the UN Global Compact, see: 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 (www.comverse.com). 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. Please refer to the GRI Index on page 2 of this report. Comverse has elected not to seek external assurance at this time. We believe an external assessment and subsequent assurance will be most meaningful after stable and sustainable 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, Comverse is 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,

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





About Comverse

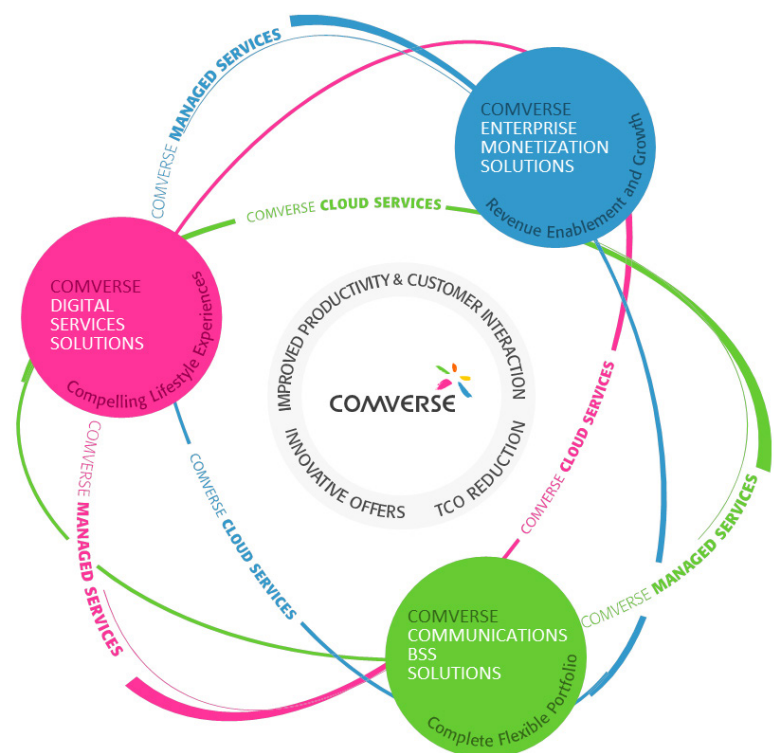
Founded in 1984, Comverse Inc. is a provider of software and systems enabling converged billing and active customer management, mobile Internet, and value-added services.

Comverse is publicly traded on the NASDAQ stock exchange under the ticker symbol CNSI. Comverse reports an annual turnover of over \$653 million and is headquartered in Wakefield, MA, U.S.A. The company 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.

Comverse Core Business Units

Comverse Expertise:

A rich portfolio of solutions and proven delivery methodologies driving service provider and enterprise growth



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

- > Commercial (Sales): providing overall customer engagement and account management.
- > Operations: providing centralized Information Technology, Procurement, and Supply Chain Management to all business units.
- > Strategy, Marketing, Innovation, Finance, Legal and Human Resources.



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 seven 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. Matthew Drapkin, 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

| Digital Services Enablement | | Revenue Management | | Customer Management | |
|---|--|---|--|---|--|
| TVAS VM, VVM SMS / MMS Call Complete | ECS Multi-Device IP Messaging RCS | Billing Rating Financials Collections | Real Time Prepaid On-Line Charging | CRM Customer Care Self Service Social Gateway | Sales Automation Lead Generation Campaign Mgmt. |
| Unified Comm. SIP Trunks IP Centrex Mobility Collaboration | API Gateway WebRTC RCS Social | Mediation Data Mediation Reporting | Order Mgmt. Product Catalog Workflow Inventor | Policy PCRF DPI Policy Studio | Business Intel Analytics Reporting |
| Services Suite | | | | | |
| Program Management PMO Transformation | Solution Consulting IPA Expert Staffing | Implementation & Delivery Installations Site Engineering | Managed Services BOT Managed Ops Managed Transform | Cloud Services Data Center Ops SaaS Services | |

A modular-based solution portfolio tailored to specific Customer and Industry needs:

Mobile | Wireline | Media | Cloud | Enterprise | Utilities | eCommerce | Retail

Communications Billing Support Systems (BSS) Solutions

Expand User Account Control, Personalization & Consistency Across Networks

BSS plays a critical role in customer experience optimization as BSS functions touch the subscriber across the customer lifecycle from acquisition through to ordering, upsell and billing. When BSS product and customer data is up-to-date, complete and sharable across the entire organization, it can be leveraged to trigger tailored pricing plans, usage/activity based promotions, offers and campaigns, increase CSR efficiency and upsell ability and subscriber-driven account and spend control.

COMVERSE POSTPAID

Revenue Management & Monetization Services

Comverse Kenan Revenue & Financials

Postpaid Billing

Subscription Modeling

Service Mediation

Web Management Layer

COMVERSE REAL TIME

Converged BSS Services & Active Customer Management

Comverse ONE Converged Billing & CRM

On-Line Rating & Charging

Active Customer Management

Data Analytics

Social & Marketing Gateway

COMVERSE POLICY

Smart Data Management & Data Monetization

Policy Management

Policy Manager (PCRF)

Policy Enforcer (DPI)

Policy Analytics

Policy Studio



Comverse BSS solutions leverage over 20 years, in-network expertise and equally extensive expertise in IT based BSS/CRM for optimal performance and business agility including the following customer experience energizing benefits:

- › **Complete & consistent view of end-customers** shared across critical business functions (marketing, ordering, customer management, billing and policy) – to enable **a positive & consistent end-user experience (customer, CSR, POS reps, marketers)** that drives CSP efficiencies (e.g. reduces average call handling times, increases up-sell ability, etc.) & produces an optimized customer experience
- › **Subscriber and network aware charging, traffic management and marketing** for bill shock prevention, congestion management and segmented data plans
- › Inbound and Outbound marketing capabilities, **leverage analytics on both historic and real-time information** for increased marketing precision
- › **Actionable insights from social activity** while utilizing **social sites as another relevant interaction channel** for marketing, case resolution and self-care
- › Coordinated **customer order orchestration, workflow** and **flow-through provisioning** guarantees **service delivery accuracy** – a key component of end-customer experience

Enterprise Monetization Solutions

Data Monetization

With flat-rate models negatively impacting data profit margins, communication service providers (CSPs) are evaluating alternative mobile data plans – such as tiered data packages and application-based plans – that optimize data monetization.

Data Monetization: Value-Based Broadband Plans Drive Data Usage

Value-based data plans create opportunities to increase data profitability while enhancing the subscriber experience. Application-based plans, shared device and family plans, up-selling and cross-selling of data services, and partnering with third-party content and application providers better leverage data usage and data growth.

Value-based data plans enable CSPs to build new relationships with their customers and educate them about added benefits available. CSPs can provide sophisticated and personalized services to match the variety of user segments – with effective tools for customer self-management of consumption.



COMVERSE KENAN FX

On-Premise Financial Framework

360° Customer Lifecycle Management

Complete Revenue Management, Customer Care & Order Management Framework

Customer Centric Architecture

Roadmap designed with Customer Input

Comprehensive Enterprise Billing

Complex Hierarchies, Multi-currency, -language

COMVERSE KENAN CX

Cloud BSS Framework

Carrier Grade Enterprise Cloud

Complete Telco Functionality Delivered to any Enterprise from the Cloud

Global & Regional Regulatory Support

Global Cloud Network Delivering Services from Within any Region

Complete Billing Operations Services

Expert Team Manages Your Billing

COMVERSE KENAN AX

Agile Web Subscription Framework

Recurring + Usage SaaS Billing

Billing and Invoice Convergence for a Single Payment Interaction Point

Agnostic Service Type Modeling

Any Product/Service/Payment type/Time/Place

Best of Breed Cloud BSS via the Web

Pre-Integrated with Salesforce & Additional Industry-leading ISVs

- > 100+ Global Service Providers
- > >370 Million Subscribers
- > \$300+ Billion Annual Billed Revenue

- > Gartner Leaders Quadrant: 3 Years in a Row
- > Global Billing: Supporting 3 of the world's largest enterprises

- > 1000+ Kenan Framework Specialists Globally
- > Supporting Enterprises from 15k to 85m Customers

Comverse Policy: Accelerate Data Monetization

Comverse Policy enables CSPs to quickly and cost-effectively monetize their data traffic – addressing diverse subscriber needs through easy, intuitive creation of value-based plans.

Data Plans: Policy Elements

Policy is the core element in the definition and management of advanced data plans, which utilize real-time inputs such as quota status, application and content type, device and network type, subscriber location, network status and more.

Comverse's best-of-breed, award-winning Policy Manager solution facilitates quick definition and implementation of advanced data plans across policy management, policy enforcement (DPI) and BSS functions.

Each data plan may include policy elements such as:

- > Quota Limit: Overall quota, per application, per time of day, per household, etc.
- > Bandwidth: Allocated bandwidth or bandwidth per application/ time of day, device, etc.
- > Zero-Rated Content: Applications and URLs that are free or are not counted against quota
- > Restricted Content: Adult, gambling, etc.
- > Plan or Application Priority: Assuring critical traffic is handled at best QoS
- > Notification and Promotion Policy: Balance, usage and promotional alerts

All data plans can be intuitively created using the Comverse Policy Studio marketing GUI, enabling CSP marketers to create the most advanced plans with practically instantaneous time to market.



Digital Services Solutions

Comverse Evolved Communication Suite (ECS)

To maintain their viability, CSPs must become digital lifestyle players – a great marketing challenge, especially in today's industry where digital lifestyle enablement is dominated by Internet giants. The Comverse Evolved Communication Suite (ECS) enables CSPs to evolve their current communication package and include IP-based services that are becoming mainstream in today's world, while building a critical mass of users for these new services. In addition, it leverages information in social networks for effective marketing of new digital services.

COMVERSE TVAS

Simplify

Multi-VAS (mVAS)

Virtualized Converged Traditional Services:

- > Voicemail, VVM
- > SMS
- > MMS
- > Call Completion

COMVERSE ECS

Modernize, Differentiate, & Monetize

Core

- > Multi-Device Sync
- > Multi-Content Store

Plus

- > Enhanced IP Messaging
- > Video and Voice over WiFi
- > Rich Communications

API Gateway

- > WebRTC
- > RCS
- > Social

COMVERSE UC

Deliver Value to the Enterprise

Business Telephony

- > SIP Trunking
- > IP Centrex
- > Worker Mobility

Collaboration

- > Online Meetings
- > Screen Sharing

VaaS

COMVERSE DIGITAL SERVICES
from the Cloud (SaaS Model)

UCaaS

Market Leader: 67%+ market share in Visual Voicemail.

4 Billion Connected Endpoints: On Comverse TVAS systems.

Industry-first implementation of multi-device converged wireline/wireless messaging and visual voicemail.

Fortune 500 clients deployed with Comverse UC through Tier 1 CSPs.

Comverse ECS delivers IMS standard-based solutions for Mobile VoIP, RCS and IP Messaging. Supporting CSPs in the evolution of their services to the digital era, it enables them to leverage their key assets – existing voice and messaging services – to become an integral part of subscribers' digital lifestyle.

Comverse ECS, which is designed with multi-device/multi-platform clients, centralized H-Base storage and WebRTC gateway, focuses on delivering a full digital lifestyle service experience:

- > ECS Core: Evolves voice call, SMS, MMS and visual voicemail to a digital experience across any Internet-connected device via a WebRTC or downloadable client, building a critical mass of users for CSP IP-based communication services.
- > ECS Plus: Extends ECS Core with the new RCS 5.1 services (group chat, file transfer, video share, presence and geo-location information), enabling them through the client or new devices with GSMA-accredited support for RCS services.
- > In concert with Comverse ECS, Comverse Share™ enables CSPs to leverage their new IP presence on subscribers' devices, harvesting social network information to gain insight into the digital lifestyle of their subscribers. This allows CSPs to increase retail and marketing power, facilitating the adoption of RCS and future digital services.

Comverse ECS delivers on-premises, virtualized and cloud-based SaaS models, facilitating smart and effective CSP progress along the IP evolution path.



Managed Services

Comverse Services: Finely Tuned to Improve the Customer Experience

Customer experience has emerged as key to winning customer loyalty and achieving overall business success. Delivery of an excellent customer experience is fundamental to the strategy of CSPs in an increasingly competitive world.

COMVERSE MANAGED OPERATIONS

Best Practices and worldwide experience

Streamlined operation with Multiple service offers: adjusted to customers

- › Build Operate and Transfer
- › Expert Services
- › Application Development Services
- › Application Operations
- › Testing services

- › End-2-End
- › Single Focal Point
- › Expert Team
- › Best Practices
- › KPI Based
- › Customer Focus

COMVERSE MANAGED TRANSFORMATION

From Present to Future Mode of Operations

- › Structured Processes: To mitigate transformation risk, measured by KPIs
- › Multi-Vendor Support: Of complete ecosystem
- › FMO: Modernized and consolidated solution

- › Future Proof
- › Reduce risks
- › Revenue Growth
- › Lower TCO
- › Modernized & Consolidated

COMVERSE SaaS

Maximize the financial Flexibility

Comverse E2E responsibility:

- › Streamline & Ongoing operation
- › Support and maintenance
- › SW development
- › HW platform and its location
- › Peripherals: security , networking

- › CapEx to OpEx
- › Improve TTM of New Services
- › Multiple Business Models
- › Business agility and faster TTM for new services

Customer Experience

COMVERSE MANAGED SERVICES Delivering Business Results

Innovation

Market leader with +450 customers worldwide

30+ years of experience deploying and supporting operators

Dramatic business and operational improvements : 30% in TTM, 50% increase in system availability

Centers of Excellence and onsite support teams manage entire ecosystem

Comverse recognizes the strategic importance of an excellent customer experience; a customer experience mindset is the inspiration that drives Comverse Services activities and interactions.

The following principles translate this concept into practice:

- › Setting Comverse Services Key Performance Indicators (KPIs): Focus on Customer Experience
- › Re-Engineering Business Processes: Customer-Centric Approach
- › Delivering a Consistent Service Experience: Service Continuity through Proactive and Preventive Operational Activities



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.

Our QMS specifies our quality policy and is consistent with the company strategy and the requirements of the different standards (ISO/OHSAS). Our continued success depends on consistently meeting and exceeding our customers' expectations.

Guided by a globally accountable Corporate Quality Department, managers at Comverse promote the quality aspects of products and services from the development stage to implementation, 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 27001:2013**, 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.



Industry Recognition for Service Excellence



Comverse ONE Wins 2014 Communications Solutions Product of the Year Award. Comverse ONE & Comverse Evolved Communication Suite Recognized for Exceptional Innovation.



Comverse Evolved Communication Suite (ECS) Is Honored with 2014 Communications Solutions Product of the Year Award. Comverse Evolved Communication Suite Recognized for Exceptional Innovation.



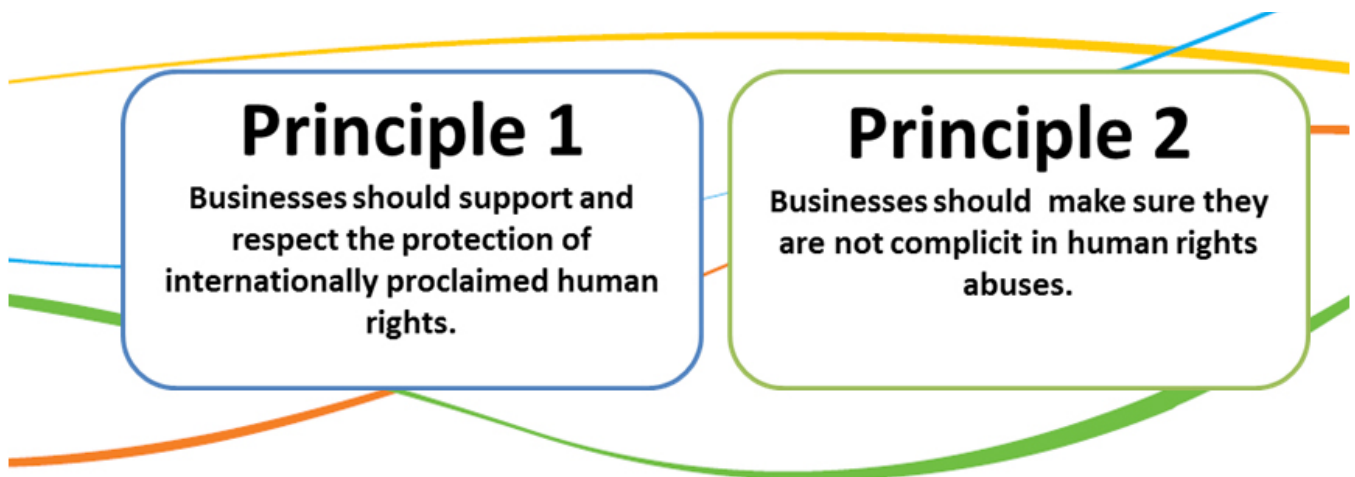
Comverse Wins Key Industry Award for Policy Extended with Analytics. Comverse Data Management and Monetization (DMM) Policy Manager (PCRF) Extended with Analytics has received the Bronze Stevie® medal in the Best New Product or Service of the Year category in the 10th Annual International Business AwardsSM.



Comverse Wins INTERNET TELEPHONY BSS/OSS Excellence Award for Unprecedented Fourth Consecutive Year. Comverse earned this distinction for its notable advancements in bringing real-time charging into post-paid environments through the introduction of the Comverse ONE Online & Converged Charging deployment mode.



Comverse Wins INTERNET TELEPHONY BSS/OSS Excellence Award. Outstanding Achievement by Comverse ONE Billing & Active Customer Management Solution for the Second Consecutive Year.



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: Comverse's 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, Comverse's 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



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, Comverse has 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)
- › Global e-Sustainability Initiative (www.gesi.org)
- › International Labor Standards (www.ilo.org)
- › United Nations Global Compact Principles (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

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.

Responsible Sourcing: We maintain and enforce a comprehensive responsible sourcing policy to address 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 targeted minerals are from a conflict-free source. Comverse does not engage with suppliers who cannot provide such certification.

Supply Chain Data Transparency: Comverse participates in 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 that 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"> • No endorsement of GRI Principles • EHS certification, actions and metrics are not global |
| Labor Practices | 60 | <ul style="list-style-type: none"> • No endorsement of GRI Principles • OHSAS certification, actions and metrics are not global |
| Fair Business Practices | 60 | <ul style="list-style-type: none"> • No endorsement of GRI Principles • Lack of supporting documentation for business ethics metrics |
| Suppliers | 50 | <ul style="list-style-type: none"> • No monitoring on % of suppliers covered by sustainable procurement measures (e.g. assessments, audits) |
| Overall | 58 | "Silver" recognition status on EcoVadis rating scale |

We have addressed most of the 'Primary Opportunities for Improvement' and reflected the results in this report and look forward to an improved assessment from EcoVadis for 2014.



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.

Following are some examples of the many community involvement activities in which our employees engage throughout the world.



Americas – Fundraising for Children’s Hospital and more

Mount Laurel, NJ employees participated in a 5K run to benefit the local children’s hospital as well as a blood drive and the Marine Corps Toys for Tots program.



Wakefield, MA employees walked to raise money for the Easter Seals Assistive Technology Resource Center and the company also provided money and equipment to the center. They also actively supported and contributed to the Youth Villages’ 5th Annual Back-to-School initiative, Toys for Tots program, Winter Coats drive and the local blood drive.



EMEA – Painting the Zoo and more

Employees at **Comverse Bulgaria** volunteered their time and talents at the local zoo in Sofia, painting the garden fence and benches.

Comverse France employees and the company supported and contributed to medical research efforts for AFSONdine, also known as Congenital Central Hypoventilation Syndrome (CCHS).

In **Johannesburg**, employees supported the Santa Cause charity, directly financing 30 Christmas gifts for orphans in South Africa’s largest city.



In Israel, an event was held to support the transition from high school to military duty for children of **Comverse Israel** employees.

The parents and their children received both emotional and practical tools for a successful transition to the first month in the army in a lecture given by Colonel Or-Li-Lahat, a former Air Force pilot and editor of the newspaper "Ba Machane."

This year, in Italy, a 10-year old boy from Belarus suffering from Chernobyl-related congenital malformation of his knees that makes it difficult to run, walk or even stand, benefitted from an operation funded in part by **Comverse Italy** employees' engagement and donations via an association named 'Aiutiamoli a Vivere' by purchasing Easter Eggs and Panettoni.



Comverse Poland employees participated in a project of Federation of Polish Food Banks that works to reduce hunger and food waste by collecting food and delivering it to the Food Bank and assisting with the packing.

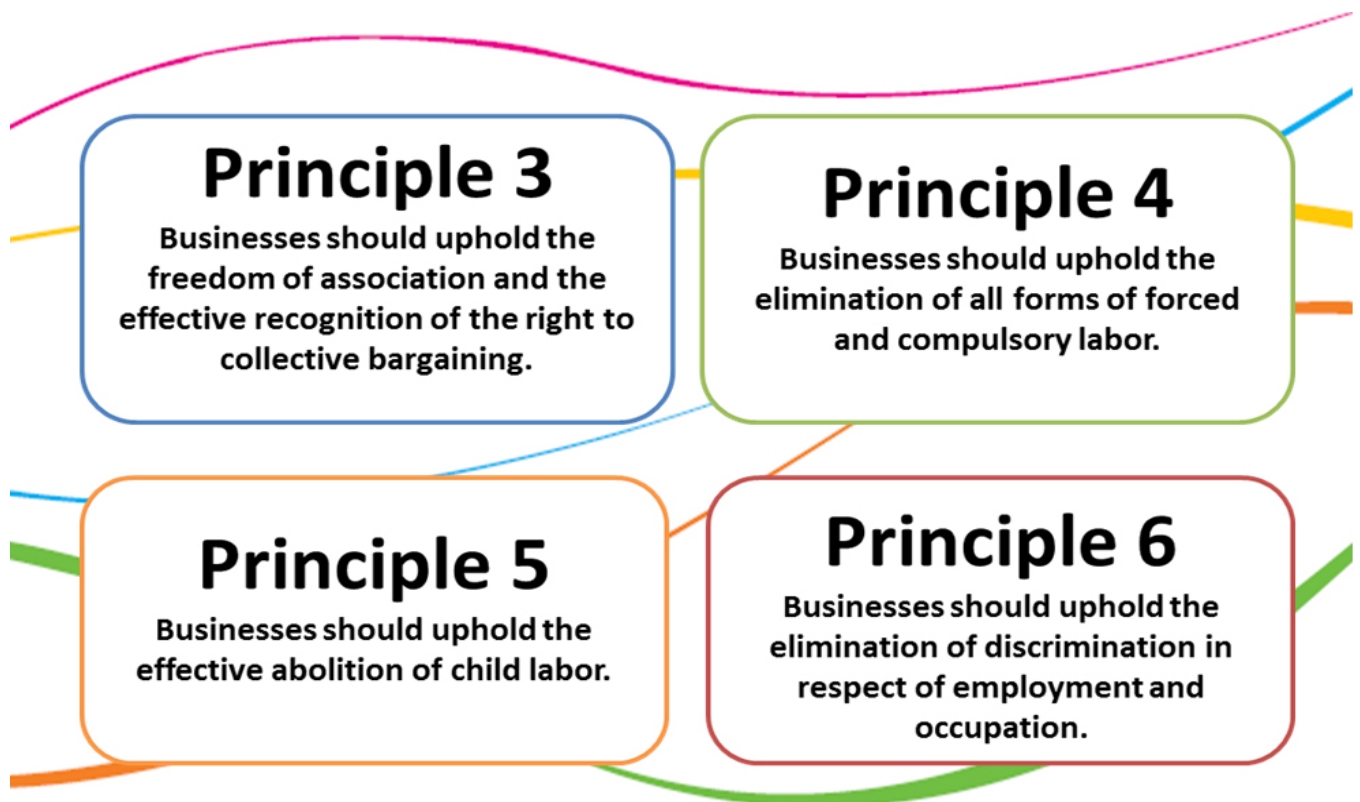
Also in Poland, in two locations, Warsaw and Katowice, employees conducted events to collect 100 books for children in hospitals via the "I Share Books Project."



Comverse Germany employees collected money and donated their contributions to a palliative organization supporting medically and psychologically incurable children and their parents.



In addition to personal letters of support, **Comverse Russia** employees collected money and purchased New Year gifts and sanitary sundries for elderly people. Items were delivered to the charity foundation Old Years Can Bring Joy for distribution to hospitals and homes for the elderly.



The dedication, innovative spirit and loyalty of Comverse's 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 that 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 that 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 internal communications program. The communications program includes update events with senior management, such as 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.

To ensure access to information and services for employees, Comverse's regional Human Resources team members are available to all employees, providing a resource 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: Comverse reviews 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.

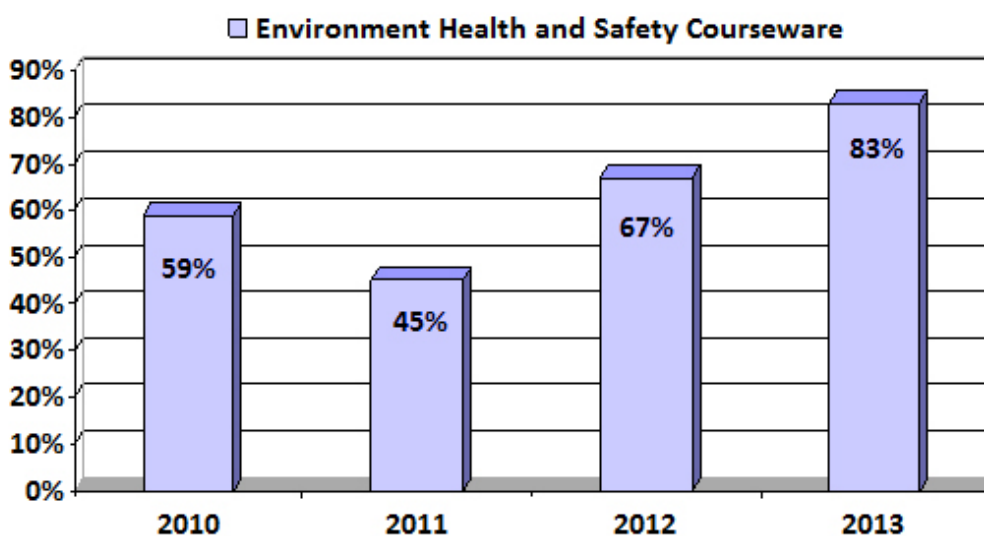


A Responsible and Caring Workplace

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.

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.

This chart shows the percent of employees worldwide who have completed annual EH&S training.



Upholding Employee Rights

Comverse upholds and respects 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-upon 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

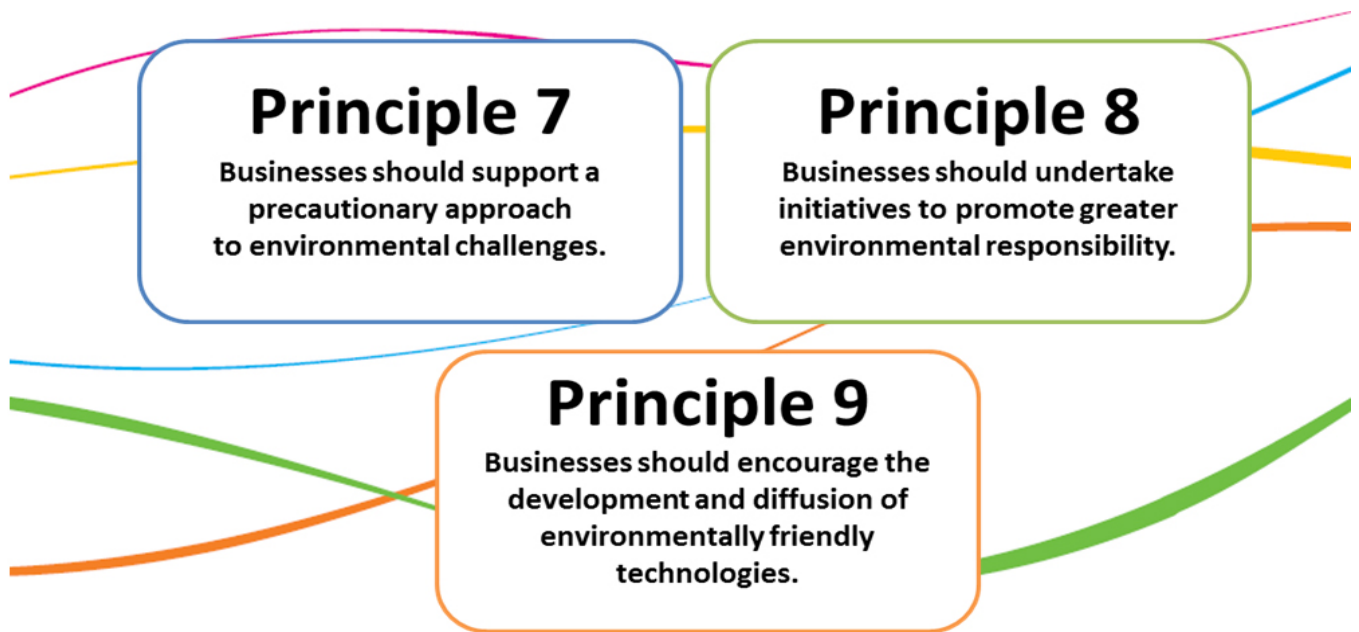
Comverse is an equal opportunity employer, and aims to attract and retain a diverse workforce, reflecting the communities in which we operate. We place a focus on hiring individuals with the appropriate education, experience and aptitudes, irrespective of nationality, race, gender, sexual orientation 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, 15% are women and of the 15 most senior executives, 20% are women. Women make up 27% of our global workforce which is comparable to last year.

| Region | Employees | Men | Women | % Women |
|--------------|-------------|-------------|------------|------------|
| Israel | 845 | 528 | 317 | 37% |
| Americas | 548 | 422 | 126 | 23% |
| APAC | 490 | 388 | 102 | 21% |
| EMEA | 518 | 405 | 113 | 19% |
| Total | 2401 | 1743 | 658 | 27% |

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.



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., defines 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.

Philippe Tartavull
President and Chief Executive Officer

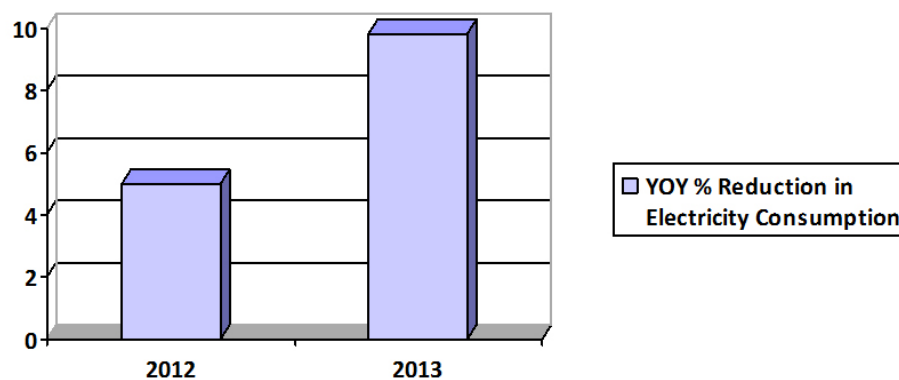


Our Environmental Impacts

Energy Consumption and Greenhouse Gas Emissions

As a software development company, our greenhouse gas emissions (GHG) impact is driven primarily by energy consumption. Our primary driver of energy consumption is electricity purchased from local national grid providers for powering our office operations and fuel for travel and logistics. Therefore, our primary GHG metric is electricity consumption per square meter.

As a result of our consistent efforts to improve our energy footprint, Comverse has reduced our year-over-year (YOY) electricity consumption by 9.8% due to awareness activities and consolidation of inefficient office spaces. Our 2014 GHG reduction target is simply to improve incrementally.



Some specific activities that 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 virtualization that reduces server energy requirements.
- › Replacing equipment with more energy-efficient alternatives.

To reduce paper consumption, we encourage duplex printing and avoidance of any unnecessary printing. An example is this report itself – we have reduced the page count YOY by 22.5% while still providing the most essential and relevant information for our stakeholders.

Our Environmentally-Friendly Technologies

The Role of Broadband in Generating Environmental Benefits

As a technology company whose core activity is creating innovative solutions, Comverse places great importance on utilizing the advantages of broadband to enhance our service offering and create more efficient options for our customers, so 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 that 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%.
- › On demand reallocation technology that 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, Comverse works to ensure 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 that 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 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. All employees are required to complete online training programs that 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' that enables all employees to report any suspected ethics violation with anonymity and without fear of reprisal. The external service provider system has screens and filters in place to help ensure compliance with various international data privacy laws wherein certain information should not be transmitted outside local countries. Employees may also report concerns to the Comverse Compliance Office.

Business Ethics Metrics: Ethics case activity, although limited, does reflect the global nature of our organization. In addition to the investigation activity noted in the table below, we also responded to dozens of inquiries from around the world.

| | # of Allegations | % Substantiated | # of Countries |
|-------------------------|------------------|-----------------|----------------|
| 2013 | 13 | 62% | 11 |
| 2014 (thru Nov.) | 9 | 56% | 8 |

Investigations in 2013 and 2014 involved areas such as: fraud, harassment, conflicts of interest and policy violations. Resolution of cases typically includes corrective actions such as training and counselling, process improvements and dismissal of employees or termination of contracts.

I ACT @ Comverse can be downloaded from our corporate website: www.comverse.com/corporate_responsibility



Compliance and Risk Management 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.

The Risk Management Process includes interviews with the CEO and Board Members, the global Executive Committee, and a range of managers in all functional areas. Audit priorities, including both operational and organizational topics, are identified and an annual audit plan is formed after this process is complete. In 2013, five areas of key risk were identified and assigned to senior executives to design and implement mitigation plans. 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.

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.

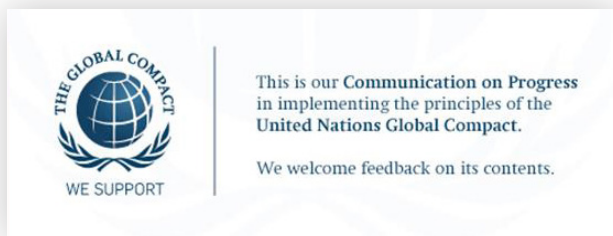
Anti-Corruption training is conducted for all Comverse managers as part of our training on ethical conduct.

For Comverse's full Anti-Corruption Policy, see: www.comverse.com/corporate_responsibility.



Your Feedback

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



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